RAMOTSHERE MOILOA LOCAL MUNICIPALITY

2017/18

ANNUAL REPORT

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Contents

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury July 2012

Chapter 1

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

This report tracks the Municipality's operational performance in the context of the priorities reflected in its approved 2017/18 Integrated Development Plan and 2017/18 Service Delivery and Budget Implementation Plan. It is also in line with the Back to Basics Approach by the Minister of Local Government, which aims at tracking the implementation of service delivery and improving performance. The municipal performance is assessed on the following five Pillars:

1. Putting people first
2. Service Delivery
3. Good governance
4. Sound Financial Management
5. Building Capable Local Government Institutions

a. Key Policy Developments:

This Annual Report is also the second for the current term of council which was elected into office in August 2016. The elected councillors carried the baton forward by presenting to our communities our successes and challenges during the year under review, in the context of the Municipality's strategic objectives and during the last year of the implementation of our current fifth-year Integrated Development Plan (2016 – 2021).

This Municipality has also continued to implement the Bokone Bophirima's fifth administration's model for service delivery through the five concretes focusing on:

1. Agriculture, Culture & Tourism (ACT);
2. Village, Township, Small Dorpie (VTSD);
3. Reconciliation, Healing and Renewal (RHR);
4. Setsokotsane; and
5. Saamtrek-Saamwerk philosophy through which active participation of community members was continuously taking place in articulating their needs and aspirations. All the five pillars will be highlighted going through the report.

b. Key Service Delivery Improvements:

I need to highlight that there was a challenge in implementing the prioritised projects due to the instability in the senior management positions. The non-functionality of EXCO, appointment of Municipal Manager and other Senior Managers are the primary delays in implementations of the projects. However, a recovery plan was developed and the projects kicked off during the last quarter which I believe are towards the finalization stage. Despite MIG projects, the municipality was successful in providing electricity, waste management services and water to the communities within its jurisdiction. In the villages where the District Municipality is the provider for water services, we experienced service delivery protests and where possible, the local municipality took charge.

c. Public Participation:

During the 2017/18 financial year, the municipality had 19 functional ward committees which serve as a conduit between the municipality and the community. In addition, the Service Delivery and Budget Implementation Plan (SDBIP) are made public and available at the Local Libraries and the website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual Report.
Further in order to promote public accountability and participation members of the public are invited to attend meetings of the Council.
Another mechanism of public participation is conducted through Mayoral Imbizos and Integrated Development Plan (IDP) community consultative meetings. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to solicit the needs of the community in order to provide input for the new financial year.

Future Actions:

Initiatives committed whereby service delivery will be improved over the next few years.

d. Agreements / Partnerships:

The municipality received minimal support from the Office of the MEC for Local Government and Human Settlement. Whilst the Municipal Infrastructure Grant (MIG) was the primary source of funding for capital projects related to infrastructure development and basic services, basic services are delivered to the community using mechanisms of intergovernmental relations with National/ Provincial Departments and/State Owned Entities.

- Mayor – BBPCC & PICOCO, Council of Mayors (Provincial and National), Municipality's with MEC, Political IGR, RHR fora,
- Speaker – Speaker's Forum, SALGA Working Groups

e. Conclusion:

The functionality of the Intergovernmental Relations (IGR) is not satisfactory and this is causing a delay to delivery of services. The municipality is 60% dependant on grant and cannot be able to render service that lies with the district, provincial and national departments. Going forward, the IGR structures should be resuscitated in order to ensure that all the planned projects are achieved and the community protests will be minimised. The municipality has regressed in the audit outcomes and challenges such as high rate of vacancy in Senior Management positions is also the cause of the negative audit outcome.

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

Delete Directive note once comment is completed - This is the fifth year in which the Annual Report of the Ramotshere Moiloa Local Municipality has been developed in line with the new directives regarding the format and content of National Treasury (NT Circular No. 63). It is submitted in compliance with various pieces of legislation, such as Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003.

The Municipality is continuously striving to improve its administrative and governance standards, pursuing national benchmarks for governance excellence. A cause for concern has been the high vacancy rate among the administrative leadership, which has previously caused instability and lack of direction among our municipal directorates. Unfortunately we have not succeeded in filling of all Senior Management positions due to unsatisfactory response from the applicants of the advertised posts. However we are optimistic that we will achieve the objective in the third quarter of 2018/19 financial year.

Like most South African towns and cities and towns, Ramotshere Moiloa Local Municipality has also experienced a spate of service delivery protests over the review period, mostly concerning water provision which falls within the competency of Ngaka Modiri Molema District Municipality, however we have always intervened where possible through the supply of water and diesel in most of the villages where water related challenges were experienced. Our intervention has caused the municipality a great deal where we incurred debt relating to at least R13m rendering the services of the District Municipality in the villages respectively. In addressing the issue, the municipality is in the process of reapplying for Water Service Authority (WSA) status and the current SLA between the municipality and the district is under review.

These are some of the challenges facing the municipality;

- Lack of Water in the rural areas where the District is a Water Services Authority
- Lack of funding for most of the IDP projects;
- Electricity In-fills
- Unemployment
- Illegal occupation of land
- High level of indigence
- Poor quality of roads in the rural areas especially connector roads

We hope that once the administration is stabilized and strengthened; effective teams and meaningful partnerships with citizens, local business and government are developed and sustained, the Municipality will be able to address these challenges in an integrated and collective manner.

Chapter 1

Despite the challenges that we encountered, I would like to record my sincere appreciation for the support received from the political leadership in Council. Administratively, I would like to thank my Executive Management Team and their staff for their hard work and efforts, without which the service delivery progress reported in this Annual Report, would not have been possible. Collectively, we remain committed to efficient service delivery to the people and communities of Ramotshere Moiloa Local Municipality.

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The data provided herein is obtained from the Census 2011 report conducted by Statistics South Africa. RMLM strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual.

Ramotshere Moiloa Local municipality has 19 wards as depicted below:

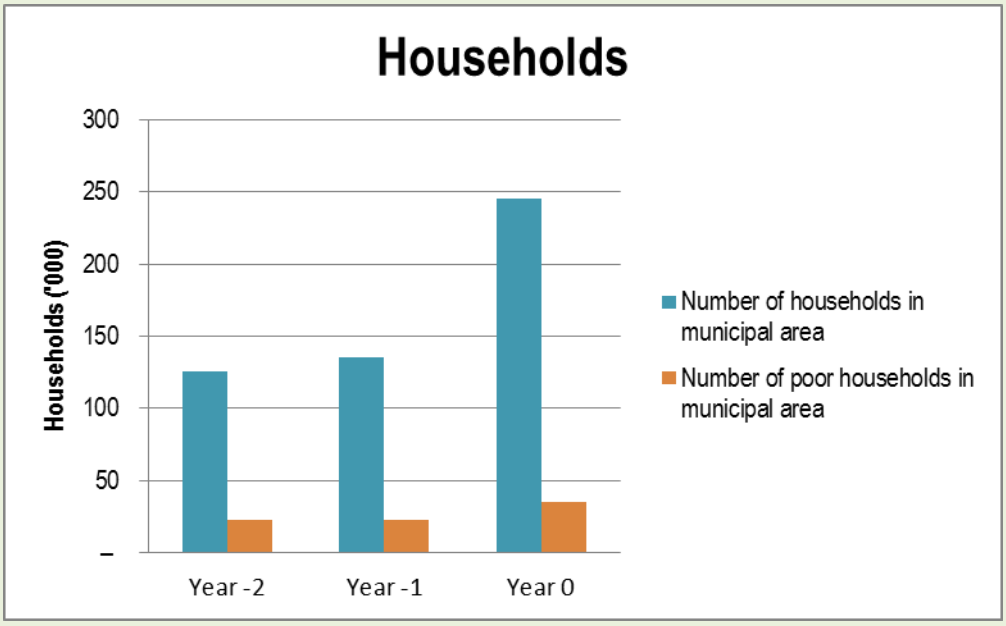
T 1.2.1

Population Details

Population '000

Age	Year -2			Year -1			Year 0		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	9482	8972	18454	9482	8972	18454	9482	8972	18454
Age: 5 - 9	8100	7824	15924	8100	7824	15924	8100	7824	15924
Age: 10 - 19	15192	14324	29516	15192	14324	29516	15192	14324	29516
Age: 20 - 29	12207	12235	24442	12207	12235	24442	12207	12235	24442
Age: 30 - 39	9051	9633	18684	9051	9633	18684	9051	9633	18684
Age: 40 - 49	6780	8276	15056	6780	8276	15056	6780	8276	15056
Age: 50 - 59	5782	6762	12544	5782	6762	12544	5782	6762	12544
Age: 60 - 69	3870	4879	8749	3870	4879	8749	3870	4879	8749
Age: 70+	2755	4588	7343	2755	4588	7343	2755	4588	7343

Source: Statistics SA *T 1.2.2*



T1.2.3

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	19%	22%	26%	44%	10%	27%
Year -1	20%	23%	26%	48%	15%	37%
Year 0	21%	24%	26%	52%	20%	44%
						T 1.2.4

Overview of Neighbourhoods within '*Ramotshere Moiloa Local Municipality*		
Settlement Type	**Households**	**Population**
Towns		
Zeerust		
Sub-Total	0	0
Townships		
Sub-Total	0	0
Rural settlements		

Sub-Total	0	0
Informal settlements		
Sub-Total	0	0
Total	0	0
		T 1.2.6

Natural Resources	
Major Natural Resource	**Relevance to Community**
Manganese (Swartkop Mine)	Mining-job creation
Chrome (Mmasebudule Chrome Mine and Marico Chrome mine)	Mining-job creation
Slate quarry	Mining-job creation
Lime (Floro Spar)	Mining-job creation
Dam(Klein Marico, Riekerts Dam)	Fishing and water supply
	T 1.2.7

COMMENT ON BACKGROUND DATA:

Above is a diagram reflecting performance on Access to Basic Services from 2011 to 2016 financial years. Please refer to Chapter 3 – Service Delivery Performance for further information pertaining to shortfalls, reasons for deviation and support needed in terms of unblocking.

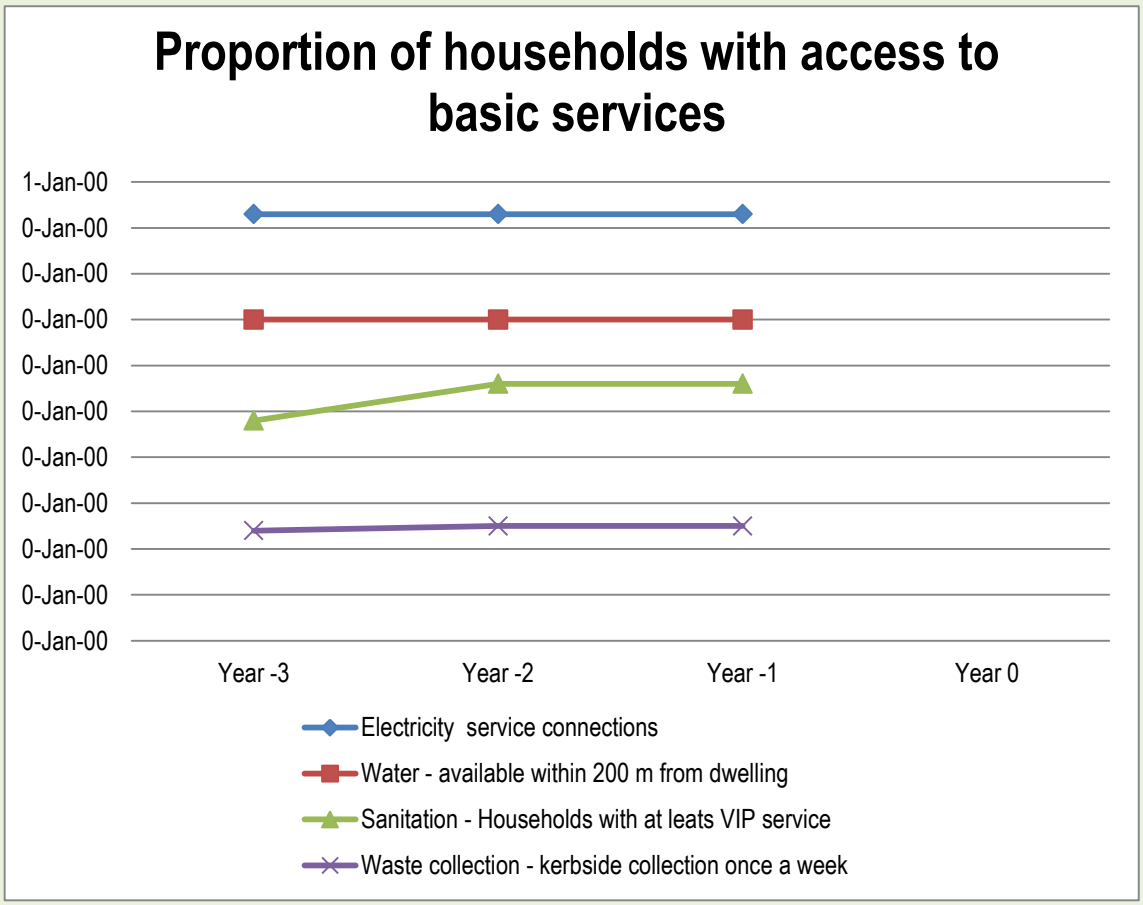
T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Delete Directive note once comment is completed - Provide a brief introduction to basic service delivery achievements and challenges including a brief specific comment on service delivery to indigents.

T 1.3.1



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Delete Directive note once comment is completed **-** Explain the shortfalls in service contained in the diagram above.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality

is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

The municipality faced serious cash flows constraints during the year due to the following reasons:

Low collection rate
Valuations roll which validity was extended by two years
Other legal disputes
Billing challenges as some accounts are billed outside the system
Excessive costs drivers – CPI used for tariff setting -services are provided at a loss and will result in departmental deficits
Unspent grants vs anticipated roll overs
Unauthorised expenditures incurred in terms of overtime expenditure, depreciation and debtors impairment etc.
Provide a brief introduction on the financial sustainability of the municipality commenting on key successes and outcomes in Year 0 (Current Year) and those things that were challenging and required rectification – state how such challenges are being addressed. Comment also on the financial health of the municipality as derived from the financial ratios in Chapter 5.

T 1.4.1

Financial Overview: Year 0			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	202 058	193 658	181 620
Taxes, Levies and tariffs	148 793	128 579	110 583
Other	26 970	26 484	5 964
Sub Total	377821	348721	298 167
Less: Expenditure	311 634	293 015	284 174
Net Total*	66187	55706	13 993
** Note: surplus/(defecit)*			*T 1.4.2*

Operating Ratios	
Detail	**%**
Employee Cost	44%
Repairs & Maintenance	0%
Finance Charges & Impairment	13%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

The National Treasury considers 25-35% of operating expenditure to be the norm for human capital, however in the case of the municipality we have exceeded the norm by 6% that mark and this is deemed to be above the required norm. The 41% is for period under review.

This municipality provides services to the entire municipal area but only generates revenue from the four wards of which three of them are highly indigent. The municipality is basically sustained by revenue generated from the CBD (Zeerust Town). The repairs and maintenance expenditure is 3% and the norm is 8% the normal ratios recommended by National Treasury. The municipality is classified as rural.

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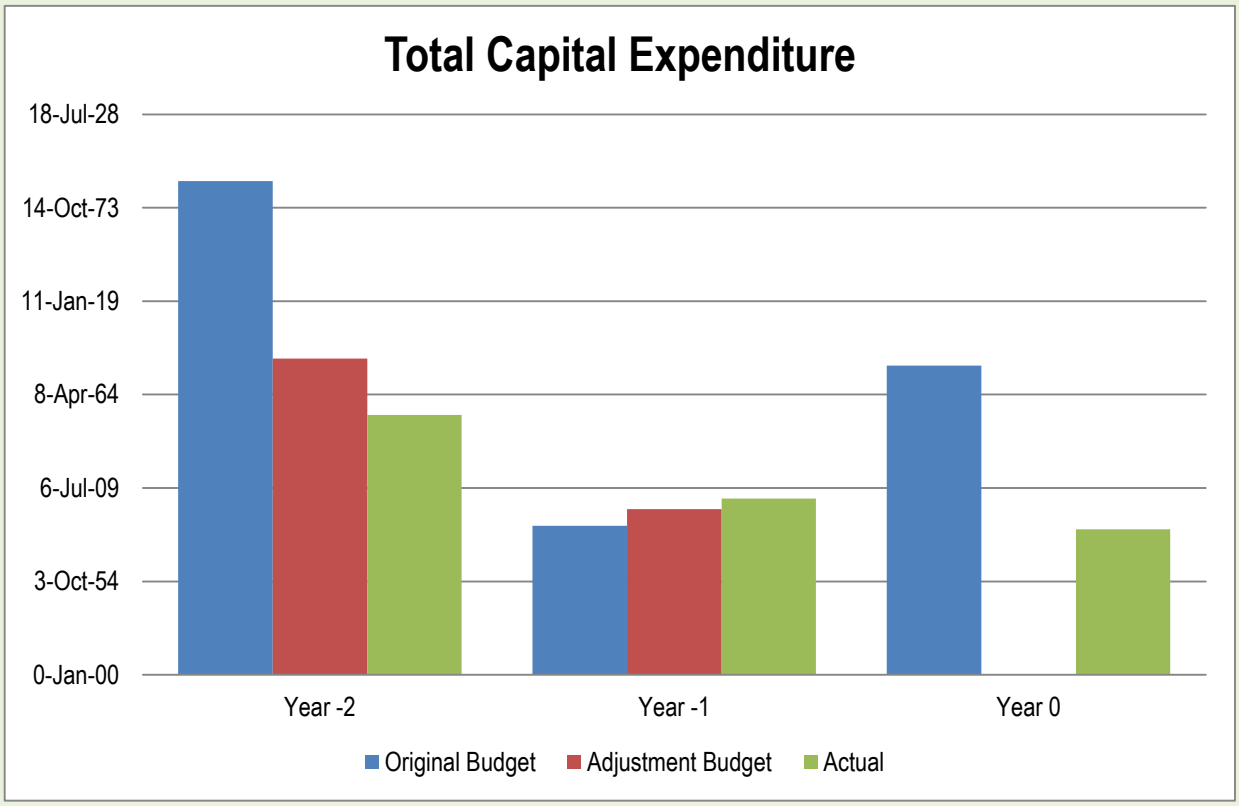
T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	**Year -2**	**Year -1**	**Year 0**
Original Budget	105703	31914	66187
Adjustment Budget	67 693	35 460	54,589
Actual	55 640	37 768	31 154
			T 1.4.4



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

The municipality entire capital budget is totally funded from National Fiscus. There was low spending from MIG which resulted in National Treasury withholding the R8.4 million. National Treasury also withheld R8.3 million due to the Zeerust Substation which commenced during 2015/2016 and was not completed. The substation will be finally completed in the 2018/2019 financial year.
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T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Delete Directive note once comment is completed – Provide an overview of key Organisational Development issues based on information contained in Chapter 4.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2017/18

The Auditor General has performed their Audit on the 2016/2017 AFS as well as on Performance Information for the same Financial Year. The Municipality received a qualified audit opinion on the 2015/2016 Annual Financial Statements opinion. The municipality received qualification as well for 2016/2017. The municipality received a Disclaimer audit opinion during the 2017/18 audit. The AG Audit Report forms an attachment of the 2017/2018 Annual Report and is included is on page.

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2018
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2017/2018 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM (Not Applicable)	
6	Audit/Performance committee considers draft Annual Report of municipality	August 2018
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – November 2018
12	Municipalities receive and start to address the Auditor General's comments	January 2019
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	January 2019
17	Oversight report is made public	
18	Oversight report is submitted to relevant Provincial Councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January 2019
		T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The municipality has been able to meet the new deadlines as per MFMA Circular No. 63 issued by the National Treasury in September 2012. Substantial progress has been made to align the format and contents of the Annual Report with the guidelines issued by the National Treasury. A concerted effort has been made by the municipality to ensure adherence to the above timelines with the compilation of the unaudited 2017/18 Annual Report

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance in the municipality is made up of Political and Administrative Governance. The Political Structure is led by the Mayor and Speaker who are full time. The Council has the following Section 79 and 80 Committees in place;

- Executive Committee;
- Corporate Services & Finance Portfolio Committee;
- Infrastructure and Technical Services Portfolio Committee;
- Community Services and Municipal Planning and Development Portfolio Committee; and
- Municipal Public Accounts Committee

The Audit and Risk Committee has been established in line with MFMA Sec 166 and the committee reports quarterly to council.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The constitution Section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community *T 2.1.0*

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

MFMA section 52(a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

The municipality had 39 Councilors of which 20 were Ward Councilors and 19 PR Councilors. A full list of Councilors can be found (including committee allocations and attendance at council meetings) in**Appendix A**. Further note that **Appendix B** sets out committees and committee purposes.

T 2.1.1

Photos	**POLITICAL STRUCTURE**	
		Function
	MAYOR CLLR Kereng Mothoagae	
	SPEAKER	

	CLLR TR Moiloa
Photos (optional)	**EXECUTIVE COMMITTEE** Cllr B Mooketsi Cllr ANNyamane Cllr MF Rajan Cllr PK Mothoagae ***Delete Directive note once change is completed*** - Delete Mayoral/Executive Committee as appropriate *T 2.1.1*

COUNCILLORS

The municipality had 39 Councilors of which 20 were Ward Councilors and 19 PR Councilors. A full list of Councilors can be found (including committee allocations and attendance at council meetings) in Appendix A. Further note that Appendix B sets out committees and committee purposes.*T 2.1.2*

POLITICAL DECISION-TAKING

Number of resolutions taken: 210
Number of resolutions implemented: 168
Percentage of resolutions implemented: 80%

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Note: MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Municipal Manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The Municipal Manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit unit is also located in the Municipal Manager's office to give assurance

and consulting services on Risk Management, Governance, Performance Management and Internal Controls to ensure compliance with municipal legislation.

In addition there are five Directorates that account to the Municipal Manager. These Directorates, each headed by a Director, ensure that services are delivered to the people of the Municipality. They are as follows:

- Technical Services;
- Community Services;
- Municipal Planning and Development;
- Budget and Treasury Office; and
- Corporate Services.
- The Municipal Manager and his team of Directors hold regular meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the five National Key Performance Areas, namely:
- Good Governance;
- Basic service delivery and Infrastructure development
- Financial Viability and Management;
- Local Economic Development, and
- Public Participation, Planning and Social Services.*T 2.2.1*

Photo	**TOP ADMINISTRATIVE STRUCTURE** **TIER 1** **ACTING MUNICIPAL MANAGER** Bakang Selebogo	**Function**
Photo *Executive Directors* *Directors* *Optional*	**TIERS 2 AND 3** **CHIEF FINANCIAL OFFICER** Mothusi Lekaba **DIRECTOR: COMMUNITY SERVICES** Thompson Phakalane **DIRECTOR: CORPORATE** Bakang Selebogo **DIRECTOR: TECHNICAL SERVICES** Donald Seleka **DIRECTOR: MUNICIPAL PLANNING AND DEVELOPMENT** Olebogeng Gasealahwe **CHIEF AUDIT EXECUTIVE** Mpho Mathye	

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following IGR structures are in existence:

- Mayor – BBPCC & PICOCO, Council of Mayors (Provincial and National), Municipality's with MEC, Political IGR, RHR fora,
- Speaker – Speaker's Forum, SALGA Working Groups
- Municipal Manager – Broader EXTECH highly functional, Technical IGR, National MM's Forum functional, Provincial MM's Forum partly functional, District MM's Forum partly functional, PMS Forum, Communicators Forum, SDF Forum, Records Manager's Forum, ICT Forum, CFO's Forum, Internal Audit Forum
- IDP - IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission
- Water and Sanitation- Department of Water and Sanitation and Ngaka Modiri Molema District Municipality and Sedibeng Water Coordinating Forum;
- Department of Public Works, Roads and Transport, Ngaka Modiri Molema District Municipality (RAMS) Coordination Forum
- Electricity - Department of Energy and Eskom, NERSA
- Housing - Department of Local Government and Human Settlements - IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission*T 2.3.1*

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organisational Performance Management from the Provincial Department of Local Government and Human Settlements. The Municipal Manager participates in the Premier's Coordinating Council (PCC), Provincial PMS Forum, Provincial Municipal Managers Forum, Shared Services Forums and Technical forum. PPAC

T 2.3.2

DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Municipal and Technical Forum which are chaired by the District Mayor. The municipality is also participating in different forums such as IGR, Municipal Managers Forum, CFOs Forum, IDP Forum, Technical Forum, and PMU Forum.*T 2.3.4*

Chapter 3

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2017/18 financial year, the municipality had 19 functional ward committees which serve as a conduit between the municipality and the community.

In addition, the Service Delivery and Budget Implementation Plan (SDBIP) are made public and available at the Local Libraries and the website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual Report.

Further in order to promote public accountability and participation members of the public are invited to attend meetings of the Council.

Another mechanism of public participation is conducted through Mayoral Imbizos and Integrated Development Plan (IDP) community consultative meetings. These are held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to solicit the needs of the community in order to provide input for the new financial year. Follow-up imbizos are held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and solicit responses thereto.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality has implemented the Communication Strategy during the course of 2016/17 financial year and the Public Participation Policy has been adopted by the Council.
The policy categorized the stakeholders as follows:

- Internal Stakeholders
- Citizens
- Public Sector Stakeholders:

o Provincial and National Departments, District and Local Municipalities, Councillors, Executive and Portfolio Committees, Ward Committees, State owned Entities e.g. Eskom, Telkom

o Traditional Leaders

o Public Sector Forums

o Police Forums, IDP Forums, Local Implementation Forums

- External Stakeholders

o Organized Business (Chamber Of Business and Industry) and Labour Formations, Service Providers

- Civil Society Organisations:
  - NGOs, CBOs, Faith Based Organisations, Youth Organisations; Lobby Groups -

(Environmentalist Groups), Unorganized Groupings – (the poor and other Vulnerable Groups), Sports Organisations, Civic or Resident Associations,

The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders engagement structures as reflected in the IDP Guides, must be the same or integrated structures.

Every year before the end of August, the municipality finalizes a Process Plan which is approved by Council, once approved a public notice is posted on various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs.
The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution and review of the IDP,

- Budget processes
- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on SDBIP and IDP)
- Monthly Community Meetings by Councillors
- Project Based Meetings
- Sector Plan Based Engagements
- Council Meetings
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Complaints Register: Customer Care and Batho Pele Engagements
- Attendance to invitations by Interest groups

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, and quarterly and annually as reflected in our Process Plan.

T 2.4.1

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and Regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

1. To serve as an official specialized participatory structure in the municipality.
2. To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
3. Advise and make recommendations to the Ward Councillors on matters of policy affecting the Ward.
4. Assisting the Ward Councillors in identifying the challenges and needs of residents.
5. Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
6. Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
7. Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development fora, and
8. Interact with other organisations and forum on matters affecting the ward.

A Ward Committee may also make recommendations on any matter affecting its ward to the ward Councillors or through the ward Councillors to the local council. *T 2.4.2*

Public Meetings						
Nature and purpose of meeting	**Date of events**	**Number of Participating Municipal Councillors**	**Number of Participating Municipal Administrators**	**Number of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
IMBIZO/ IDP/BUDGET	08 JUNE	38	5	450	IDP/BUDGET	As provided
IMBIZO/ IDP/BUDGET	12 JUNE	38	5	320	IDP/BUDGET	As provided
IMBIZO/ IDP/BUDGET	14 JUNE	38	5	430	IDP/BUDGET	As provided
WARD 01 PUBLIC MEETINGS	MONTLHY	01	None	100	RDP/TOILETS	As provided
WARD 02 PUBLIC MEETINGS	MONTLHY	01	None	100	INDIGENTT	As provided
WARD 03 PUBLIC MEETINGS	MONTLHY	01	None	100	RDP/INDIGENT	As provided
WARD 04 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY	As provided
WARD 05 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 06 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 07 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 08 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided

WARD 09 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 10 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 11 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 12 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 13 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 14 PUBLIC MEETINGS	MONTLHY	01	None	100	ELECTRICITY/RDP	As provided
WARD 15 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 16 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 17 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 18 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
WARD 19 PUBLIC MEETINGS	MONTLHY	01	None	+100	ELECTRICITY/RDP	As provided
						T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The municipality and communities alike benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred and ward committees imparted their advice to the Councillor who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turnaround Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully functional Speakers office to take complaints from community members where there are issues of service delivery.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	No
Were the four quarter aligned reports submitted within stipulated time frames?	No
** Section 26 of Municipal Systems Act 2000*	*T 2.5.1*

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at the Municipality entails Risk Management, Anti-corruption and Fraud, as well as Internal Audit which is unpacked below:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit operates in accordance with Section 165(1) of Municipal Finance Management Act no 56 of 2003. Internal Audit is required to carry out an audit free of any restrictions in accordance with the standards set by the Institute of Internal Auditors; and section 165(2) of the MFMA Act 56 of 2003.

The Internal Audit Unit has a dual reporting lines i.e. reports functionally to the Audit & Risk Committee and Administratively to the Accounting Officer.

In terms of the Internal Audit Charter the Internal Audit unit shall be accountable to Council through the Audit & Risk Committee (MFMA 166) to:

- Provide annually an assessment on the adequacy and effectiveness of the organisation's processes for controlling its activities and managing its risks ;
- Report significant issues related to the processes for controlling the activities of the organisation, including potential improvements to those processes, and provide information concerning such issues through active and constructive resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of function resources; and
- Co-ordinate, and provide oversight on, other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).*T 2.6.0*

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The Accounting Officer and Council are required by the Municipal Finance Management Act, Act 53 of 2003 to establish and maintain appropriate risk management systems. Risk Management Practices requires the Accounting Officer and Council to manage the strategic and operational risks of the municipality. The risk management system must provide for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact.

The Municipality has established the Risk Management Unit and it is based in the Office of the Municipal Manager, reports to the Executive Manager who in turn reports to the Municipal Manager. However the post was vacant for the financial year.

The implementation of Risk Management assists the municipality to achieve, among others, the following outcomes needed to underpin and enhance performance:

- More sustainable and reliable delivery of service.
- Informed decisions underpinned by appropriate investigation and analysis.
- Innovation.
- Reduce waste.
- Prevention of fraud and corruption.
- Better value for money through more efficient use of resources.
- Better outputs and outcomes through improved project and programme management..

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Policy was adopted, there's a needs to be reviewed.

The Municipality has got an approved Anti-Fraud and Corruption Policy. The policy serves as a protection to the municipality against any acts of fraud, corruption and theft. It is mainly aimed at creating a proactive corruption free and intolerant culture within the municipality.

The implementation of this policy is intended to reduce the losses that the municipality may incur due to the occurrence of fraud, corruption and theft. It also commits the municipality to detect, investigate and prosecute individuals who are allegedly involved in acts of fraud, corruption and theft within the municipality.

The policy which has been approved to address some of the following matters:

- Fraud, corruption, theft and mal administration.
- Bribery
- Embezzlement
- Extortion
- Abuse of power
- Abuse of privileged information
- Actions constituting fraud, corruption and theft.
- Responsibility to conduct investigations
- Reporting procedures and resolution of reported incidents
- Protected disclosure
- Application of prevention controls and detection mechanisms
- Conflict of interest..

2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA section 110 - 119; SCM Regulations 27636 of 2005 and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality's Supply Chain Management Unit is a support function for all business units within the Municipality to ensure provision of efficient, transparent, fair, equitable and cost effective procurement services hence assisting them to implement their service delivery priorities.

It operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act and its core functions are:

Demand Management;

Acquisition Management;
Logistics Management;
Disposal Management;

The supply chain management policy for the year 2017/18 was adopted by Council in 6th June 2017 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.
The policy is aligned to Preferential Procurement Regulations 2017, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on March 2017. The new regulations aims to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from March 2017, issued by National treasury.

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and the current policy has been aligned to provide for that.

 Demand management

The preferential policy objectives were identified at a global level hence during the 2017/18 financial year a procurement plan was established and the procurement preferential preference points were set on how these objectives will be met for each contract for the new financial year was developed.

 Acquisition Management

The thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and the latest SCM regulations and to ensure full compliance with circular 25 for the 2013/14 financial year. A procurement plan has been developed which will guide all the procurement processes during the year.

It was also noted that the following provisions of the SCM regulations were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulations 42, 44 and 38 (i). This affected the 2017/2018 financial years.

 Logistics management

An effective system of logistics management has been established. The continuous interrogation of inventories and improvements on systems and processes has yielded positive results in that there is a progressive reduction of stock holdings. Although purchases are slightly higher than last year (2016/2017), in the 2017/2018 there were ongoing liaising with end user sector departments on inventory holdings and have been able to utilize slow moving stock to good advantage.

There is a marked improvement on utilizing cable stock that has been held for a long period, which had a positive impact on purchases and has contributed to the reduction in purchases as per the graph below.

 Disposal management

An effective system of disposal management has been established and detailed processes developed to ensure compliance with section 40 of the SCM regulations. Asset and Disposal Committee was established during the 2013/14 financial year and it's functionality was aligned to norms of SCM.

 Risk Management

The contracts are being monitored on monthly basis, though there is a human capital challenge as there is no individual managing the process. Also measures are now being put in place to ensure identification, consideration and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations. The supply chain management operational risk register was established and is in place.

 Performance Management

The Municipality has SCM policy that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed and implemented. The policy enforces the accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

 Training of SCM Practitioners and Bid Committees

SCM Management, SCM practitioners and Bid Committee members were trained during 2013/14 as per SCM Regulation 8 in accordance with Treasury guidelines on supply chain training to meet the

competency level required for supply chain practitioners. Further training is to be provided over a period of two years that consist of 20 modules.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazetted* (Yes/No)**	**Date of Publication**
None, there were new by-laws introduced during the year	None, there were new by-laws revised during the year				
**Note: See MSA section 13.*					*T 2.9.1*

COMMENT ON BY-LAWS:

There were no new by-laws during the 2017/18 financial year.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	**Yes / No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	No	
All current budget-related policies	Yes	01-July-17
The previous annual report (Year -1)	No	
The annual report (Year 0) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	30-Aug-17
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments. *T 2.10.1*

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality is currently conducting a satisfaction survey by means of suggestion boxes/complaints register amongst others to ensure optimal satisfaction in terms of services offered to local communities. The suggestion box is located at the Municipal offices for public inputs and or comments *T 2.11.1*

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The District Municipality performed the functions and exercise the powers referred to in Section 84(1)(b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

The RMLM only provides water services into the following areas: Zeerust and Groot Marico. The municipality has acquired an abstraction permit from Department of Water and Sanitation in this regard. The municipality serves as a Water Service Provider, thus signed Service Level Agreement with Ngaka Modiri Molema District Municipality (NMMDM).

The rural parts of the municipality are serviced by NMMDM (Water Service Authority) (WSA) in conjunction with Sedibeng Water (Water Service Provider) (WSP).
The response rate to water and sanitation interruptions were achieved at 75% and 88% respectively. Various factors contributing to this poor performance include the rapid deterioration of infrastructure and inadequate infrastructure, human resource constraints, theft of water meters and ageing fleet.

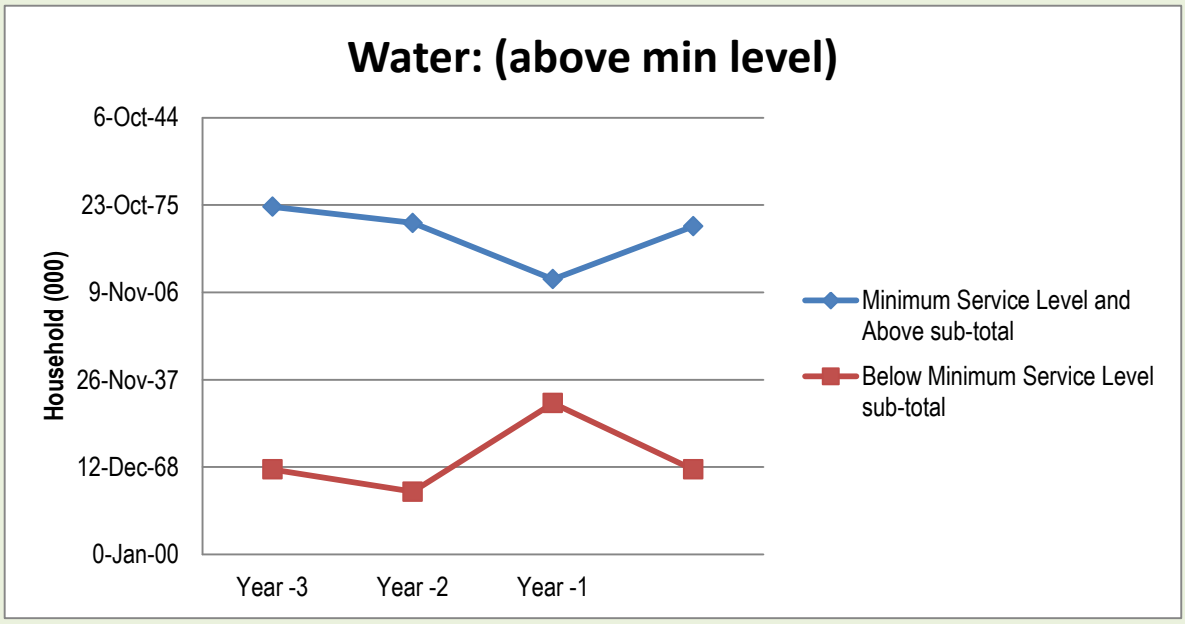
It should further be noted that since sewage flows have also increased at the Zeerust Waste Water Treatment Plant by (approximately 5 ML/day during dry weather season). There is no Waste Water Treatment Plant at Groot Marico and to exacerbate the situation that seven hundred additional housing with waterborne has just been commissioned. The water system has already reached its maximum operating capacity. WSA is aware of the challenges.
.

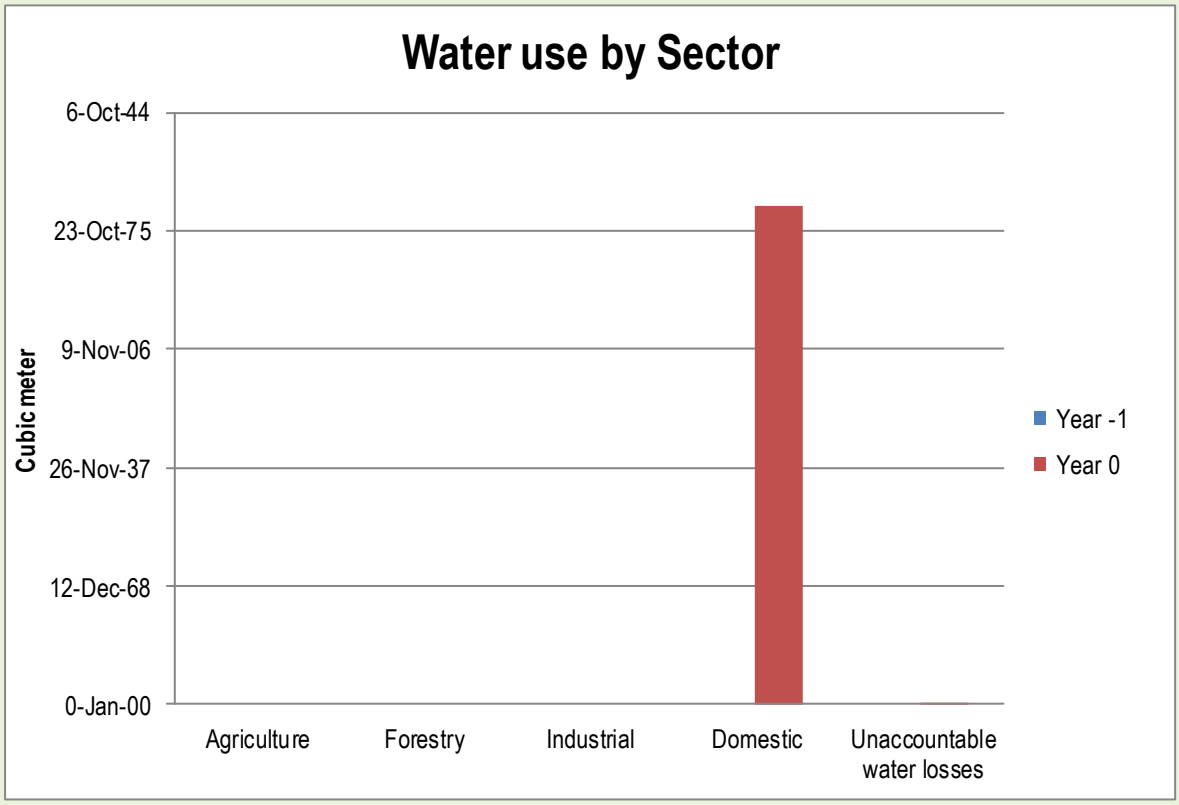
T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1					
Year 0	0	0	0	2109168	53

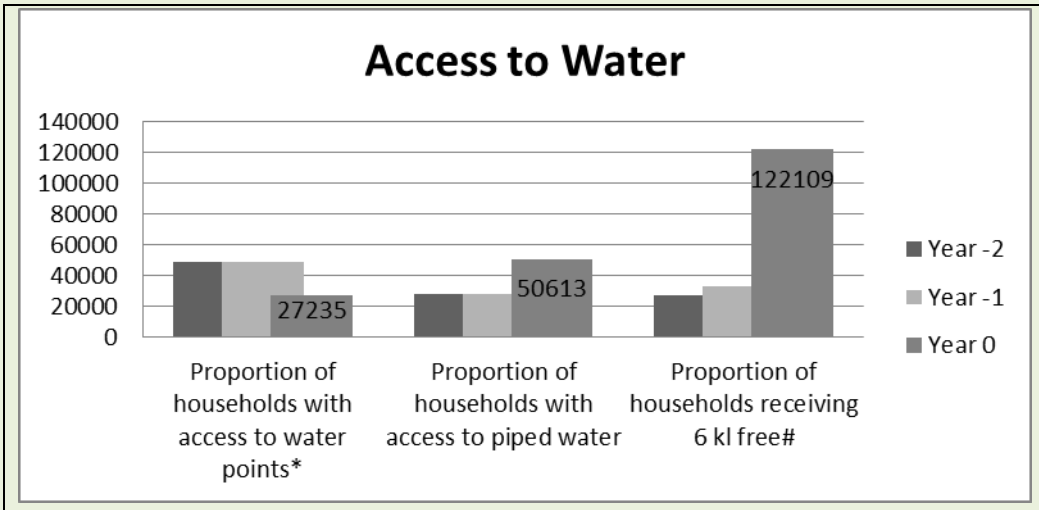
T 3.1.2

Data for household service targets is sourced from table A10





Water Service Delivery Levels				
				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: **(above min level)**				
Piped water inside dwelling	27	27	27	27
Piped water inside yard (but not in dwelling)	27	27	27	–
Using public tap (within 200m from dwelling)	28	28	28	
Other water supply (within 200m)				
Minimum Service Level and Above sub-total	82	83	83	27
Minimum Service Level and Above Percentage	58%	58%	58%	31%
Water: **(below min level)**				
Using public tap (more than 200m from dwelling)	–	–	–	–
Other water supply (more than 200m from dwelling	39	39	39	39
No water supply	21	21	21	21
Below Minimum Service Level sub-total	60	60	61	61
Below Minimum Service Level Percentage	42%	42%	42%	69%
Total number of households*	**143**	**144**	**144**	**88**
** - To include informal settlements*				*T 3.1.3*



Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	49000	28530	27124
Year -1	49000	28530	32972
Year 0	27235	50613	122109
			T 3.1.5

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute# 6,000 litres of potable water supplied per formal connection per month.

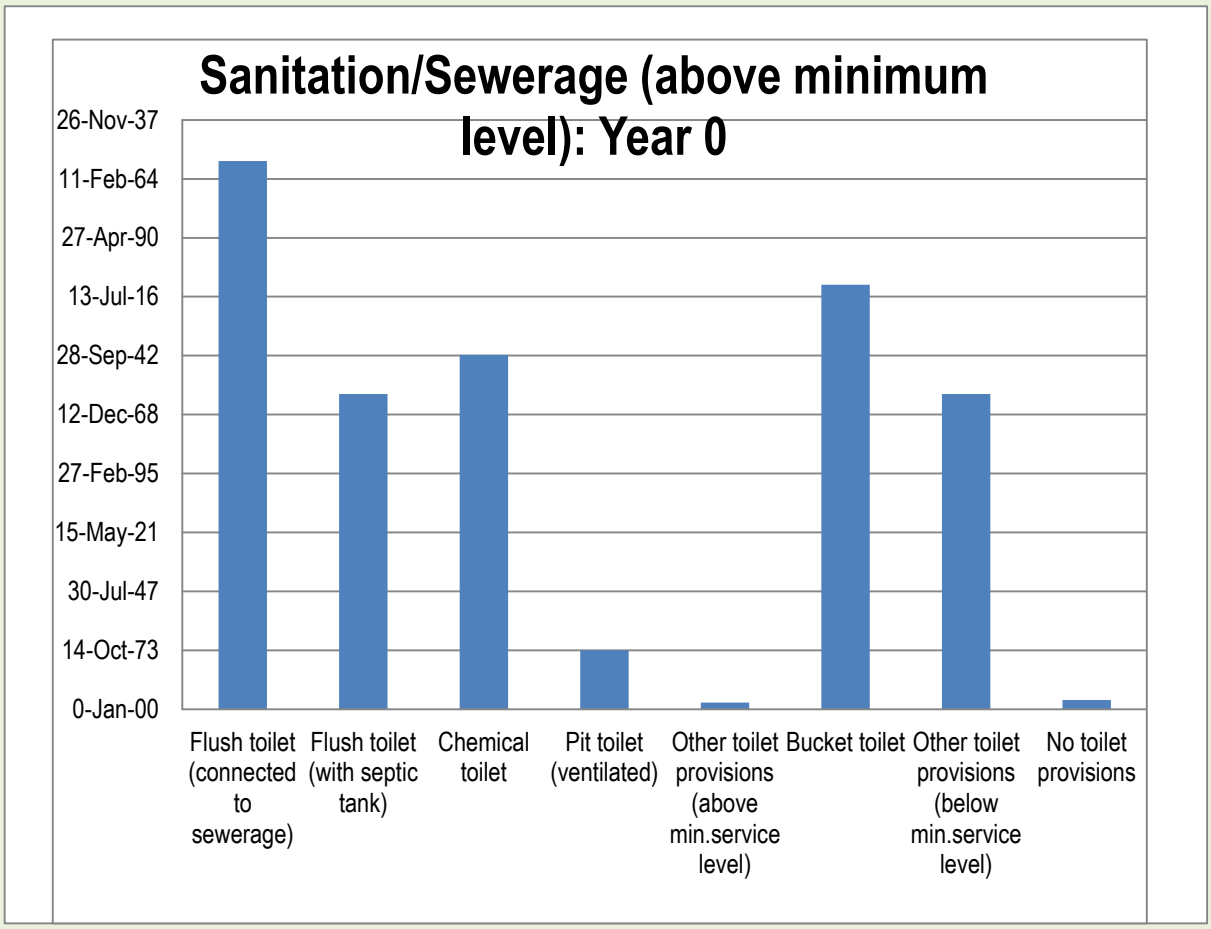
Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	5	5	5	0	0%
10 - 12	6	5	5	1	20%
13 - 15	21	21	19	2	10%
Total	34	33	31	3	9%
T3.1.7					

Financial Performance Year 0: Water Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	**7 459**	**17 143**	**17 143**	**10 945**	**-57%**
Expenditure:					
Employees	7 274	6 815	6 815	7 124	4%
Repairs and Maintenance	1 067	200	200	391	49%
Other	2 838	1 970	1 970	1 229	-80%
Total Operational Expenditure	**11 180**	**8 985**	**8 985**	**8 744**	**-4%**
Net Operational Expenditure	**3 721**	**66**	**56**	**2 201**	**97%**
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.1.8*

3.2 WASTE WATER (SANITATION) PROVISION

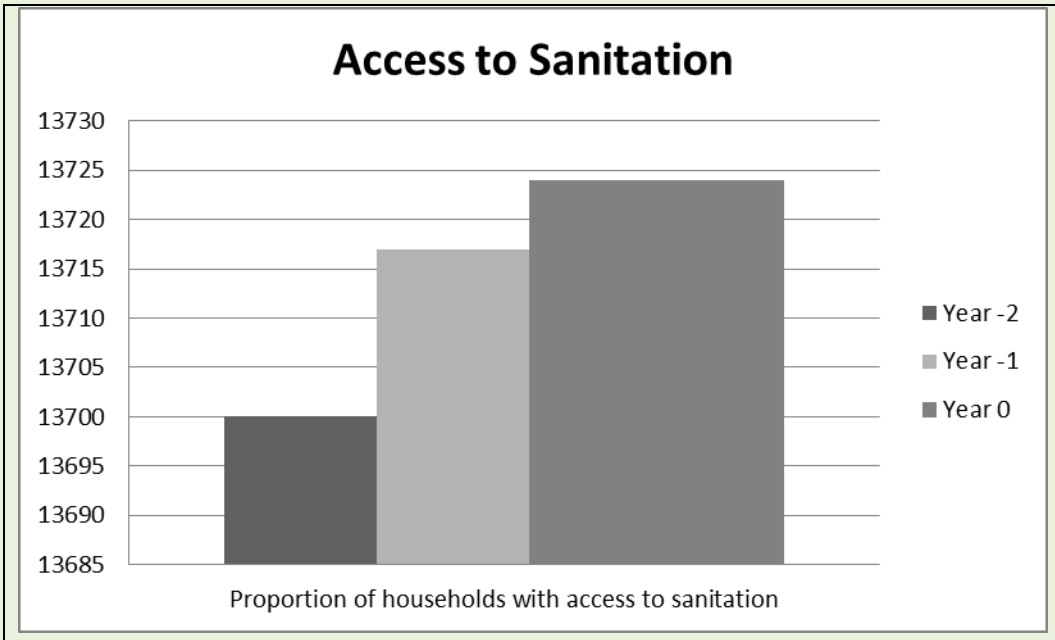
INTRODUCTION TO SANITATION PROVISION

NMMDM is responsible for the provision of sanitation in the municipal area. All Waste Water Treatment Plants are managed by District Municipality.The RMLM is responsible for maintenance of sewer reticulation systems in Zeerust, Welbedacht and Groot Marico. *T 3.2.1*



T 3.2.2

Sanitation Service Delivery Levels				
				*Households
Description	Year -3	Year -2	Year -1	Year 0
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: **(above minimum level)**				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
Minimum Service Level and Above sub-total	2,325	2,236	1,851	2,178
Minimum Service Level and Above Percentage	68.9%	59.9%	55.5%	63.1%
Sanitation/sewerage: **(below minimum level)**				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
Below Minimum Service Level sub-total	1,047	1,498	1,485	1,271
Below Minimum Service Level Percentage	31.1%	40.1%	44.5%	36.9%
Total households	**3,372**	**3,734**	**3,336**	**3,449**
Total number of households including informal settlements				*T 3.2.3*



T 3.2.5

Access To Sanitation

Access to Sanitation	
	Proportion of households with access to sanitation
Year -2	13700
Year -1	13717

Year 0	13724

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	3	6	3	3	50%
10 - 12	6	11	6	5	45%
13 - 15	4	34	4	30	88%
Total	14	52	14	38	73%
					T 3.2.7

Financial Performance Year 0: Sanitation Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	**2 603**	**11 387**	**11 387**	**965**	-1081%
Expenditure:					
Employees	5 192	10 807	10 807	11 484	6%
Repairs and Maintenance	185	300	300	428	30%
Other	510	2 780	2 780	442	-1766%
Total Operational Expenditure	**5 888**	**13 887**	**13 887**	**12 354**	-15%
Net Operational Expenditure	**3 285**	**2 500**	**2 500**	**(11 389)**	77%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.2.8*

3.3 ELECTRICITY

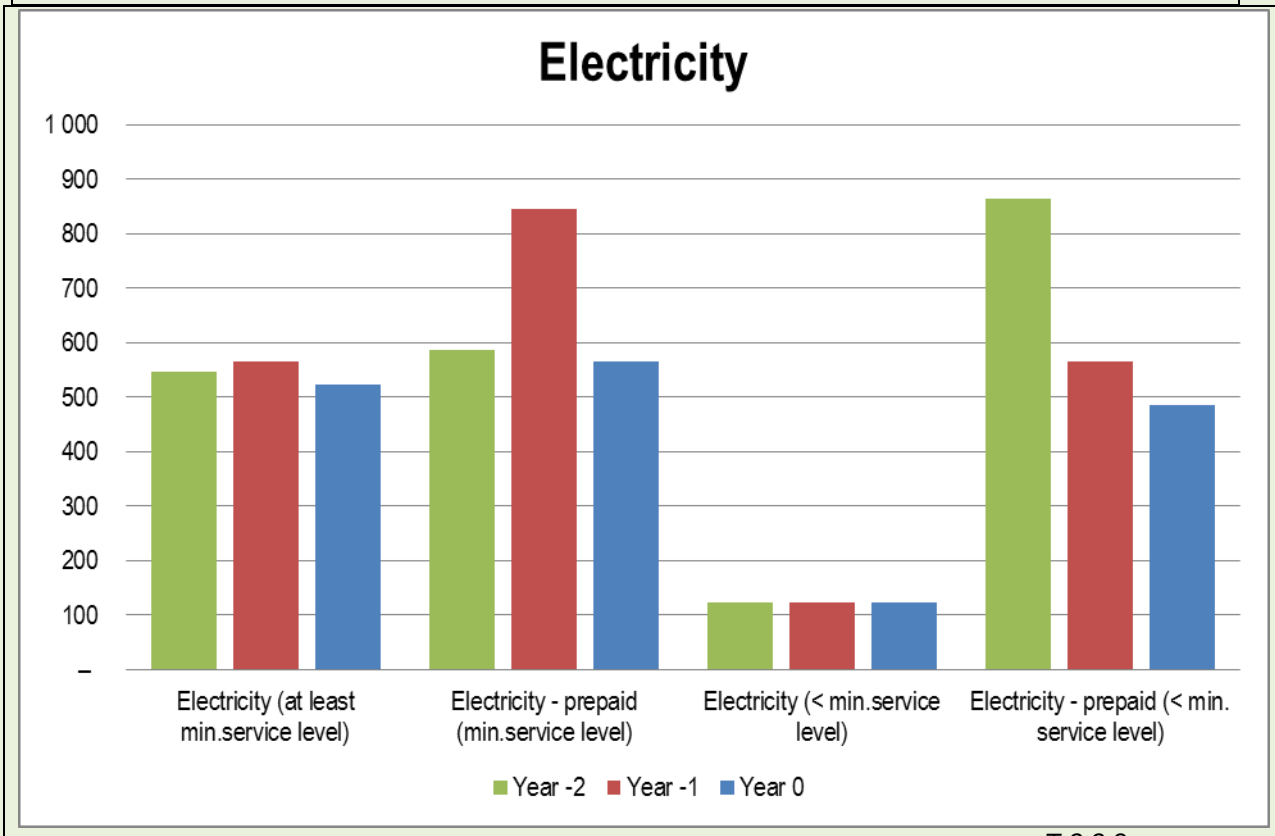
INTRODUCTION TO ELECTRICITY

The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 20% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates under the Electricity Regulator Act of (2006).

The Electricity Unit generates approximately 35% of the total revenue of the Municipality, 20% of the income for the Electricity Unit comes from our large customers (industrial and commercial) and 15% from our residential customers.

The municipality purchases electricity in bulk on the Mega flex tariff from Eskom. We have two Eskom in-comer points (Zeerust Municipal Substation) and eight feeders for our customers. We have a notified maximum demand of 20 MVA and we are operating from our new switching station

Our area of supply is experiencing continuous outages due to the numerous faults on the existing ageing 11kV overhead lines infrastructure; we have no budget for upgrade of 11kv infrastructure for 2017/2018 financial year.



T 3.3.2

Electricity Service Delivery Levels				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: **(above minimum level)**				
Electricity (at least min.service level)	9	9	9	9
Electricity - prepaid (min.service level)	–	–	–	–
Minimum Service Level and Above sub-total	9	9	9	9
Minimum Service Level and Above Percentage	21,1%	20,9%	20,7%	21,0%
Energy: **(below minimum level)**				
Electricity (< min.service level)	33	34	35	36
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	0	–
Below Minimum Service Level sub-total	33	34	35	36
Below Minimum Service Level Percentage	78,9%	79,1%	79,3%	79,0%
Total number of households	42	43	44	45
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						Households
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	0	0	0	0	0	0
Households below minimum service level	–	–	–			
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	1	1	1	1	1	1
Households ts below minimum service level	–	–	–			
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%	0%

T 3.3.4

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	7	7	0	0%
7 - 9	6	6	6	0	0%
10 - 12	6	9	9	3	33%
Total	14	23	23	3	13%
T 3.3.6					

Financial Performance Year 0: Electricity Services R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	**38 108**	**69 812**	**61 412**	**43 715**	-60%
Expenditure:					
Employees	6 552	6 005	6 011	6 885	13%
Repairs and Maintenance	2 353	2 450	570	1 733	-41%
Other	48 545	49 636	48 879	49 848	-4%
Total Operational Expenditure	**57 450**	**58 091**	**55 461**	**58 466**	-3%
Net Operational Expenditure	**19 341**	**(11 721)**	**(5 951)**	**(14 751)**	194%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.3.7

Capital Expenditure Year 0: Electricity Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
KRUISRIVIER PH 2	3190000	3190000	3190000		280
HENRYVILLE PH1	899000	899000	899000		150

KRUISRIVIER FEEDER LINE	2000000	2000000	2000000		320
FINALISATION OF ZWITCHING STATION	589000	589000	589000		90
					T 3.3.8

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Section 21 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have an environment protected for the benefit of the present and future generations through reasonable legislative and other measures that (a)prevent pollution and ecological degradation (b)promote conservation and secure ecological sustainable development and use of natural resources while promoting justifiable economic and social development.

Taking cue from the above and In terms of Section 10(3) National Waste Management: Waste Act,2008(Act No. 59 of 2008)the municipality has designated , Manager Parks &Environment as the waste management officer(WMO) and air quality management officer (AQMO) to advance and advocate issues of waste and environment

The municipality has furthermore , compiled an integrated waste management plan(IWMP) in the effort of complying with section 11(4)(a)(i)(ii) of NEMWA.The plan is still at the draft stage and it awaits public participation for it to be submitted to MEC.

The waste service delivery of the Municipality is co-ordinated from Zeerust. A regular waste removal service is provided to all households and businesses within the major towns of the Municipal area, except to the households in rural areas.

The percentage of households with access to regular (once a week) refuse removal in Ramotshere Moiloa is currently 19%. The majority of the population in rural areas either bury or burn their waste. There are also no private waste contractors active within the municipal area. The Municipality provides a weekly (1 day per week) waste collection service to all the households in Zeerust, Lehurutshe and Groot Marico.
The businesses, hospitals and schools in the Municipal area receive a waste collection service up to five times a week depending on the collection requirements. Industries are serviced once per week. Street cleaning (litter picking, sweeping, and cleaning of ablution facilities) is done in all the Major towns of the Municipality. The Ramotshere Moiloa Municipality utilises a black refuse bag system for all the households in the municipal area. Businesses utilise a black refuse bag system and 3m3 bins. Residents and businesses have to buy their own black bags. The 3m3 bins are supplied by the municipality and then the businesses pay the Municipality off over time. The Municipality accepts any number of bags or bins per household or business, so there is no specific limit. The bags and bins are placed on the curb outside the house or business and collected from there.

The Municipality has a set of by-laws pertaining to cleansing services. The landfill sites in the Municipal area except Zee rust do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates vary with the socio-economic standing of the population, from 0.2 kg per capita per day in the poor areas, to 1 kg per capita per day in the affluent areas.

The Municipality is experiencing shortages of labour for waste collection, environmental cleaners; as well as for the proper management of the waste disposal facilities.

The Municipality has a few vehicles that are old and are due for replacement. The landfill site at **Zeerust** is permitted by the Department of Water Affairs and Forestry on 9 January 1996 as a Class G:S:B- waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989The landfill site at **Lehurutshe** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 6.4 kilometres south-east of the centre of the town, Lehurutshe. The landfill site is operated following a cell method of operation and landfilling of a quarry. The site is approximately 3 Ha in size.
The expected lifetime of the site is approximately 19 years. Waste is covered regularly even though the municipality does not have permanent equipment on site. The Komatsu Bulldozer from Zeerust is from time to time used to compact and cover waste at the Lehurutshe site.

The landfill site at **Groot Marico** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 3 kilometres south-east of the town, Groot Marico .The landfill site is approximately 2 Ha in size. The expected lifetime of the current disposal area is approximately 20 years. The waste is disposed of by using a trench method. Waste is not properly compacted but is covered when needed.

Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. The Municipality is not experiencing problems with the disposal of medical waste at their landfills.

T 3.4.1

Solid Waste Service Delivery Levels				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week	2846,00	2235,00	2235,00	8341,00
Minimum Service Level and Above sub-total	2846,00	2235,00	2235,00	8341,00
Minimum Service Level and Above percentage	48,5%	48,5%	43,9%	74,5%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week	546,00	523,00	621,00	621,00
Using communal refuse dump	846,00	487,00	865,00	865,00
Using own refuse dump	565,00	523,00	523,00	523,00
Other rubbish disposal	938,00	720,00	720,00	720,00
No rubbish disposal	124,00	124,00	124,00	124,00
Below Minimum Service Level sub-total	3019,00	2377,00	2853,00	2853,00
Below Minimum Service Level percentage	51,5%	51,5%	56,1%	25,5%
Total number of households	5865,00	4612,00	5088,00	11194,00
				T 3.4.2

Financial Performance Year 0: Solid Waste Management Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**13 703**	**13 703**	**14 073**	3%
Expenditure:				–	
Employees		6 994	6 972	7 804	10%
Repairs and Maintenance		359	1 900	171	-110%
Other		2 003	274	130	-1443%
Total Operational Expenditure	0	**9 356**	**9 147**	**8 105**	-15%
Net Operational Expenditure	0	**(4 346)**	**(4 556)**	**(5 969)**	27%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.4.7*

Financial Performance Year 0: Waste Disposal and Other Services			R'000
Details	Year -1	Year 0	

	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**3 501**	**3 501**		#DIV/0!
Expenditure:					
Employees		3 481	3 460		#DIV/0!
Repairs and Maintenance		–	–		#DIV/0!
Other		**20**	**41**		#DIV/0!
Total Operational Expenditure	0	**3 501**	**3 501**	**–**	#DIV/0!
Net Operational Expenditure	0	**–**	**(0)**	**–**	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.4.8

3.5 HOUSING

INTRODUCTION TO HOUSING

In terms of section 26 of the Constitution of the Republic of South Africa, 1996, everyone has the right to have access to adequate housing, and the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right .The provision of adequate housing is therefore a national priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, however local government sphere even the municipality must take a lead role in initiating the housing development in its area of jurisdiction for the other two spheres of government to fund their housing development plans.

Hence section 9(1) (f) of the Housing Act states that "Every municipality must as part of the municipality's process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

1. To initiate plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction

(a) Ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis

(b) Set housing delivery goals in respect of its area of jurisdiction amongst other imperatives.

It is in this context that the municipality has a chapter in the IDP- Human Settlement Sector Plan which is basically a summary of the housing planning undertaken by the municipality to address its housing needs, an analysis of the housing demand and a strategy for the supply of such demand. The feedback and analysis of ward meetings in various wards in relation to housing needs indicates that the need is huge and currently the two ideal housing programmes for the municipality are integrated residential development and rural subsidy programmes

We are constantly in engaging with the Provincial Department of Local Government and Human Settlements communicating planned housing projects and requesting funding of such. This definitely assists in reducing the backlog we have in our locality if our plans are incorporated in the Department's Business Plan, and appointment of developers are done

T 3.5.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	40740	32872	80,7%
Year -2	40740	32872	80,7%
Year -1	40740	32872	80,7%
Year 0	42136	34268	81,3%
			T 3.5.2

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
10 - 12	1	1	1	0	0%
Total	2	2	2	0	0%
.					*T 3.5.4*

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain variances from budget for operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

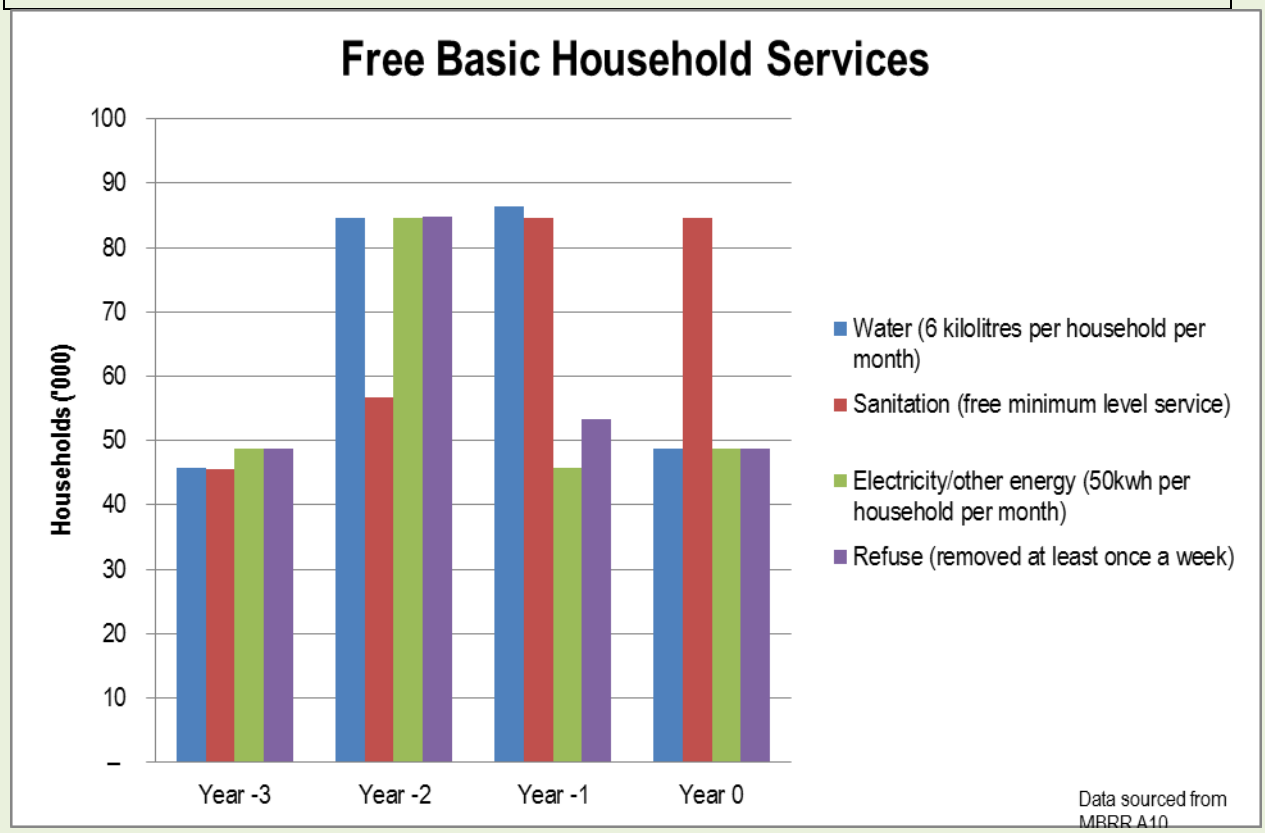
T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2011/12 financial year provided indigent support on the basis of consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2014/2015 financial year, for financial reporting purposes, the rebates were identified separately in order to fully reflect the value of the free basic benefit. The total in the table below is based on the fact that Council has a consolidated bill and the number of households would therefore overlap from one service to the other. *T 3.6.1*



Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%		%
Year -2		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
Year -1		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
Year 0		28696,00	1097,00	4%	1 412	5%	6 902	24%	1 412	5%
										T 3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget

Water	2300	**1 300**	**1 300**		#DIV/0!
Waste Water (Sanitation)	0	2 500	2 500		#DIV/0!
Electricity	2247545	4 830	4 830		#DIV/0!
Waste Management (Solid Waste)		1 500	1 500		#DIV/0!
Total	2249845	**10 130**	**10 130**	**–**	#DIV/0!
					T 3.6.4

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

3.7 ROADS

INTRODUCTION TO ROADS

For the year under review the municipality Failed to implemented MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2017/2018 MIG Projects. Procurement processes are affected by non-approval of IDP.

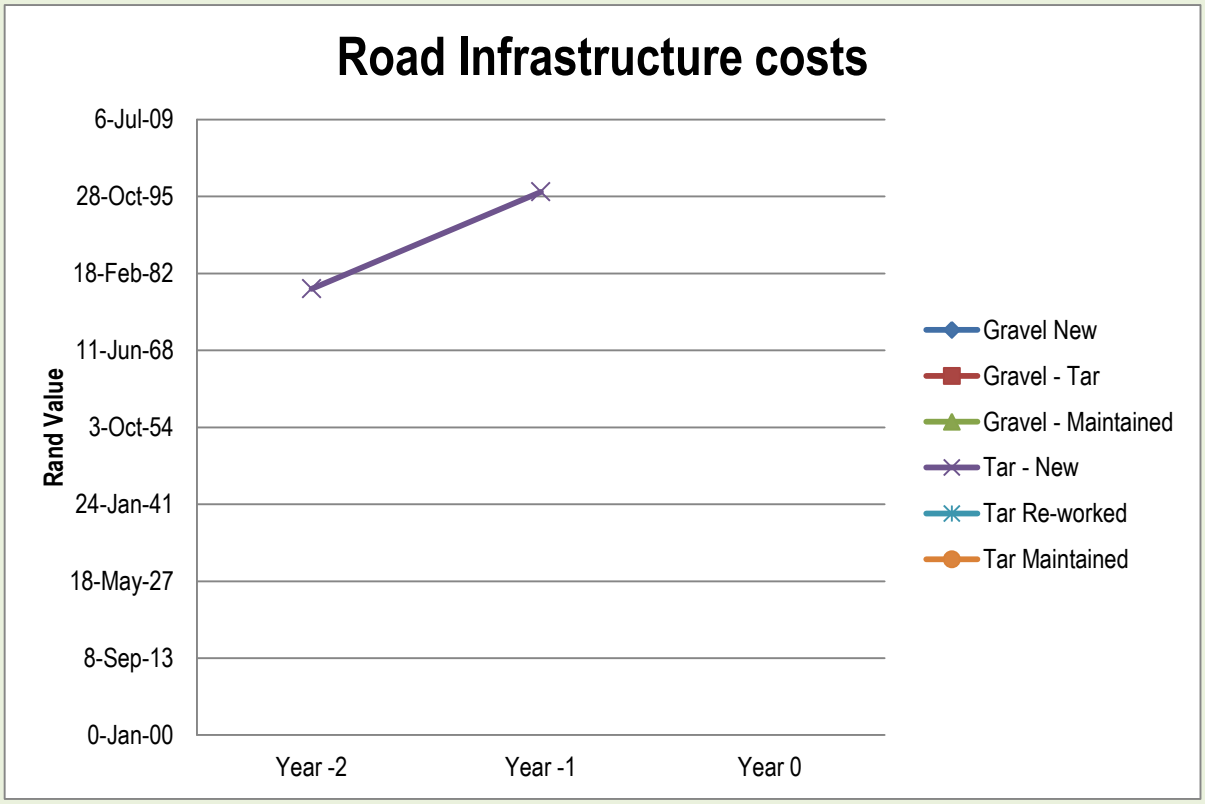
The implementation of storm water is not possible due to the costs as per MIG standards, thus the roads also serves as the storm water channels. See municipal overview for detailed information.
.

T 3.7.1

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	4000	2	9	37
Year -1	4 000	5.5.	4.5.	112
Year 0				
				T 3.7.2

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	640,6	7,5			6 143

Year -1	641	5			6 143
Year 0					
					T 3.7.3



T 3.7.

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	1	1	0	0%
7 - 9	2	2	2	0	0%
10 - 12	5	5	5	0	0%
13 - 15	14	14	14	0	0%
Total	22	23	22	1	4%
					T3.7.7

Financial Performance Year 0: Road Services					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**61 529**	**67 955**	**58 490**	-5%
Expenditure:					
Employees		16 274	16 374	15 634	-4%
Repairs and Maintenance		1 665	1 765	1 175	-42%
Other		17 864	17 764	39	-45681%
Total Operational Expenditure		**35 803**	**35 903**	**16 848**	-113%
Net Operational Expenditure		**(25 726)**	**(32 052)**	**(41 642)**	38%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.7.8*

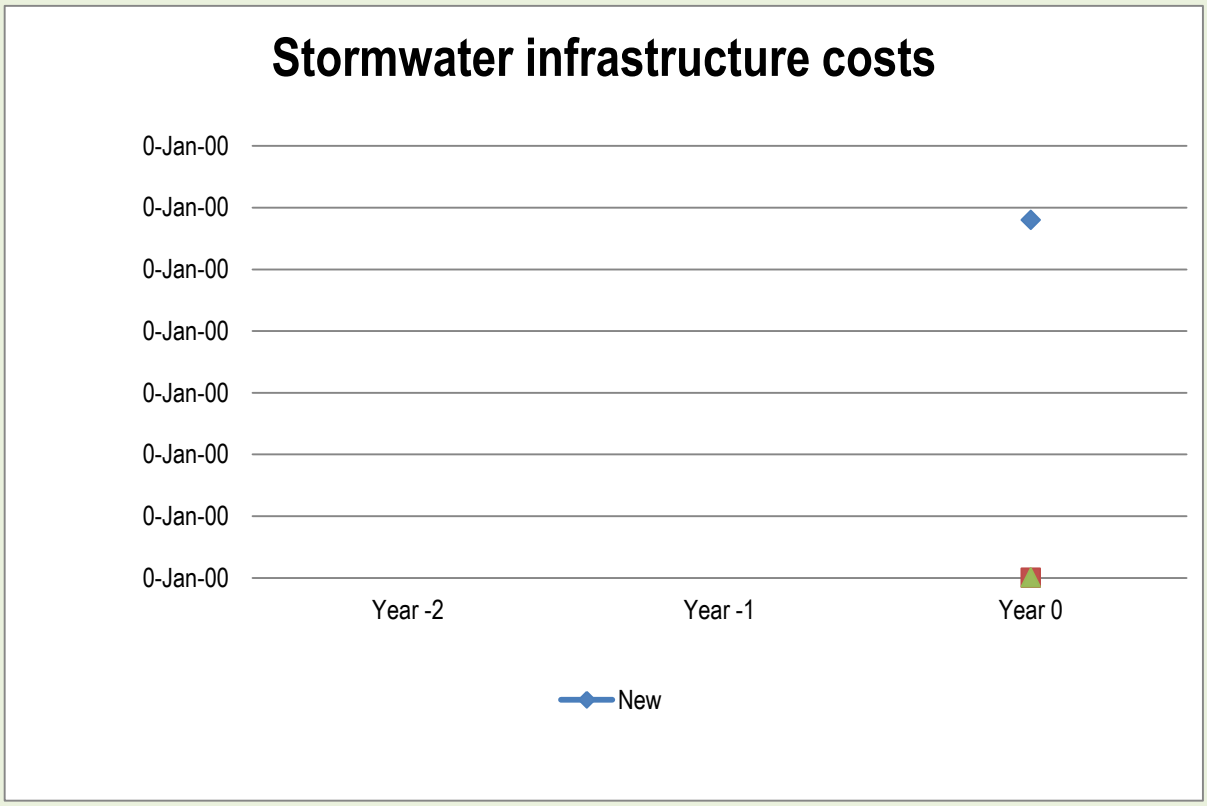
Capital Expenditure Year 0: Road Services					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	43 354	43 354		#DIV/0!	

All projects	43 354	43 354		#DIV/0!	280
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					*T 3.7.9*

3.9 WASTE WATER (STORMWATER DRAINAGE)

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2				10 000
Year -1				6 790
Year 0	6	6	0	16 790
				T 3.9.2

Cost of Construction/Maintenance			R' 000
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2			
Year -1			
Year 0	29 000 000	0	16 790
			T 3.9.3



T 3.9.4

Employees: Storm water Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	2	2	2	0	0%
10 - 12	1	4	1	3	75%
Total	5	10	5	5	50%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.9.6*

Financial Performance Year 0:Mechanical Workshop					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**5 872**	**5 872**	**1 933**	-204%
Expenditure:					
Employees		2 582	2 582	2 567	-1%
Repairs and Maintenance		2 695	2 695	739	-265%
Other		2 170	2 170	4 111	-4%
Total Operational Expenditure	0	**7 447**	**7 447**	**7 417**	-38%
Net Operational Expenditure	0	**1 574**	**1 574**	**(5484)**	55%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.9.7*

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

For the year under review the municipality Failed to implemented MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2017/2018 MIG Projects. Procurement processes are affected by non-approval of IDP.

The implementation of storm water is not possible due to the costs as per MIG standards, thus the roads also serves as the storm water channels. See municipal overview for detailed information.*T3.9.9*

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

- The Department of Municipal Planning and Development comprises of the following units:

- Town Planning Unit;
- Local Economic Development (LED); and
- Housing Unit

The Department aims at working hand in hand with the communities in their attempts to achieve service delivery and make their lives successful within their environment..

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

Delete Directive note once comment is completed - The Town Planning Unit is a strategic Division within the municipality mandated to manage the spatial planning of various land uses i.e. industrial, institutional, and residential and various businesses. The Town Planning Division is responsible for the following:

- Town Planning services i.e. provision of zoning information and processing of various land use applications i.e. rezoning applications;
- Building Control: Plan submission, inspection and (dis) approval thereof;
- Development Enforcement: Enforcement of town planning scheme regulations.

Town Planning is central to developing and promoting an integrated town committed to addressing spatial injustices and guides development towards vibrant, resilient and sustainable urban and rural areas..

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Enviroment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	3,00	0,00	61,00	49,00	83,00	118,00
Determination made in year of receipt	2,00	0,00	50,00	37,00	83,00	118,00
Determination made in following year		0,00		12,00		0,00
Applications withdrawn	1,00	0,00	1,00		0,00	0,00
Applications outstanding at year end	1,00	0,00	10,00		0,00	0,00
						T 3.10.2

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	5	5	5	0	0%
Total	6	6	6	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.10.4*

Financial Performance Year 0: Planning Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	**9 998**	**11 324**	**11 324**	**1 548**	-632%
Expenditure:			–	–	
Employees	4 956	1 392	1 392	1 344	-4%
Repairs and Maintenance	88	–	–	–	#DIV/0!
Other	6 759	3 482	472	309	-1027%
Total Operational Expenditure	**11 803**	**4 874**	**1 864**	**1 653**	-195%
Net Operational Expenditure	**1 805**	**6 450**	**9 460**	**104**	-6073%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.10.5*

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality through the Local Economic Development Unit is committed to ensuring that development of local economy is realized in order to alleviate poverty and create employment for residents of Ramotshere Moiloa Local Municipality. *T 3.11.1*

Economic Activity by Sector			R '000
Sector	**Year -2**	**Year -1**	**Year 0**
Agric, forestry and fishing	2700	2700	2700
Mining and quarrying			300
Manufacturing	180000	180000	18000
Govt, community and social services			
Total	182700	182700	21000
			T 3.11.2

Economic Employment by Sector			Jobs
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	105	128	61
Manufacturing	73	68	82
Wholesale and retail trade	21	54	54
Finance, property, etc.			-
Govt, community and social services	2 583	2 800	2 800
Infrastructure services	355	169	103
Total	3137	3219	3100
			T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The economic downturn has seriously affected employment rate in general and Ramotshere Moiloa Local Municipality is no exception. Local businesses are not expanding however it should be stated that private developers have seen potential for development of a shopping center/mall within Zeerust Town. The development of such will in no doubt increase employment opportunities for local people.

T 3.11.4

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2				
Year -1	1324			
Year 0	405			
Initiative A (Year 0)	Mining(MMasebudule, Swartkop, MaricoChrome, FloorSpar)		203	Submission by the mines as well as information given during public participations
Initiative B (Year 0)	Mothaka Agricultural Project		68	
Initiative C (Year 0)	B&B		409	
				T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	7	189

Year -1	7	299
Year 0	7	279
** - Extended Public Works Programme*		*T 3.11.6*

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	3	3	3	0	0%
10 - 12	1	1	1	0	0%
13 - 15	8	5	5	3	60%
Total	14	11	11	3	27%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.11.8*

Financial Performance Year 2017/18: Local Economic Development Services					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**4 589**	**4 514**	**5 968**	23%
Expenditure:					
Employees		3 891	3 885	2 923	-33%
Repairs and Maintenance				–	-
Other		698	254	7 550	91%
Total Operational Expenditure	0	**4 589**	**4 139**	**10 473**	57%
Net Operational Expenditure	0	**–**	**(375)**	**(4505)**	100%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.11.9*

There was no capital expenditure incurred in Local Economic Development

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This component includes: library services, waste management, environmental services, public safety, cemeteries, parks, security services, sports and recreation and other social programmes. *T 3.52*

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality provides accessible community facilities to an acceptable standard for all the people of Ramotshere Moiloa Local Municipality. It provides access library materials for the purposes of education, information, recreation and aesthetic appreciation for all residing within municipal area of jurisdiction. The main objectives of this function are to:

-ensure that the residents have access to up-to-date information through libraries
- ensure that there are libraries in needy areas
- provide acceptable standard of service for all

The municipality rendered these services in partnership with the Department of Culture, Arts and Traditional Affairs (CATA). There was a signed Service Level Agreement for same.

There are library forums that the municipality participated on such as Provincial ICT Stakeholder and District Library forum.*T3.12.1*

Financial Performance Year 2017/18: Libraries; Archives; Museums; Galleries; Community Facilities; Other					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**2 804**	**2 804**	**1 625**	-73%
Expenditure:					
Employees		1 199	1 237	1 262	5%
Repairs and Maintenance		110		2	-4508%
Other		938	475	76	-2654%
Total Operational Expenditure	0	**2 247**	**1 712**	**1 340**	-73%
Net Operational Expenditure	0	**557**	**1092**	**285**	-71%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.12.5*

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The identification of new cemeteries is vital because of the lack of burial space in the existing cemeteries. There are four cemeteries in the urban areas such as Zeerust, Groot Marico, Ikageleng and Lehurutshe.

The function includes continuous monitoring of burials, management of burial registers, mowing of vegetation at gravesides.

CHALLENGES
- Acquisition of land for new cemeteries at Groot Marico , Zeerust and Ikageleng
- Theft of aterfacts and metal railings
- Vandalism of tombstones
- Lack of adequate budget to maintain cemeteries
- Lack of cemetery management system

HIGHLIGHTS
- Continuous mowing of vegetation at cemeteries

T 3.13.1

Employees: Cemetories and Cremotoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	8	8	8	0	0%
Total	10	10	10	0	0%
				.	*T 3.13.4*

Financial Performance Year 0: Cemetories and Crematoriums					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**1 979**	**1 966**	**1 929**	-3%
Expenditure:					
Employees		334	324	300	-11%
Repairs and Maintenance		–	–	–	
Other		1 345	185	7	-18692%
Total Operational Expenditure	0	**1 679**	**509**	**307**	-446%
Net Operational Expenditure	0	**(300)**	**(1 457)**	**1 622**	118%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.13.5*

Financial Performance Year 2017/18: Traffic and Security					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**25 997**	**25 995**	**20 809**	-62%
Expenditure:				–	
eEployees		14 005	13 715	13 993	0%
Repairs and Maintenance		250	100	29	-776%
Other		11 227	10 976	16 390	-30%
Total Operational Expenditure		**25 482**	**24 792**	**30 412**	-13%
Net Operational Expenditure		**(515)**	**(1 204)**	**(9603)**	108%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.20.5*

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23 PARKS, SPORTS FIELD

Financial Performance Year 0: Parks and Environment					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**6 456**	**6 456**	**6 429**	0%
Expenditure:					
Employees		4 635	4 985	4 796	3%
Repairs and Maintenance		441	100	1	-69750%
Other		1 130	10	757	-76%
Total Operational Expenditure		**6 206**	**5 525**	**5 554**	-14%
Net Operational Expenditure		**250**	**931**	**875**	75%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.23.4*

There was no capital expenditure on sports and recreation

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Council support as a sub-unit includes all administrative support that is provided to the offices of the Mayor, Speaker and Municipal Manager. This includes, inter alia, meetings of Council and its The Council Support: The main purpose for the existence of this sub-unit is to give administrative support, primarily to Council and its committees and to ensure smoothness of Council's decision-making process.

The sub-unit commits itself to providing efficient printing service to Council & business units; quality minutes and efficient record keeping of all minutes of Council and its committees.
This sub-unit ensures that Council agendas are delivered on time to councillors on time.

T 3.24.1

Financial Performance Year 0: The Executive and Council					R'000
Details	**Year -1**	**Year 0**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue		**44 677**	**35 291**	32 135	-39%
Expenditure:					
Employees		29 211	26 319	23 221	-26%
Repairs and Maintenance		–	–	–	#DIV/0!
Other		15 466	15 279	9 850	-57%
Total Operational Expenditure	0	**44 677**	**41 598**	**33 072**	-35%
Net Operational Expenditure	0	**(0)**	**6 307**	**937**	100%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.24.5*

There was no capital expenditure for Executive and Council.

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows. *T 3.25.1*

Debt Recovery								R' 000
Details of the types of account raised and recovered	**Year -1**		**Year 0**			**Year 1**		
	Actual for accounts billed in year	**Proportion of accounts value billed that were collected**	**Billed in Year**	**Actual for accounts billed in year**	**Proportion of accounts value billed that were collected**	**Estimated outturn for accounts billed in year**	**Estimated Proportion of accounts billed that were collected**	

		in the year %			%		%
Property Rates				29 211	23%		
Electricity - B				6 511	25%		
Electricity - C				24 926	8%		
Water - B				–	0%		
Water - C				10 382	18%		
Sanitation				4 368	11%		
Refuse				8 772	15%		
Other							

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them. *T 3.25.2*

Employees: Financial Services

Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	6	6	5	1	17%
4 - 6	9	14	9	5	36%
7 - 9	20	20	20	0	0%
Total	35	40	34	6	15%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T 3.25.4*

Financial Performance Year 0: Financial Services

R'000

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7458000	**377 821**	**348 721**	**298 167**	4%
Expenditure:					
Employees	7274000	134 424	136 209	199 450	-25%
Repairs and Maintenance	1067000	–	–	–	#DIV/0!
Other	2838000	177 210	156 806	82 147	-86%
Total Operational Expenditure	11179000	**311 634**	**293 015**	**281 597**	-59%

Net Operational Expenditure	3721000	**66 187**	**55 706**	**16 570**	55%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.25.5*					

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management encompasses Personnel, Job Evaluation, Employee Relations and occupational Safety. Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff, employee benefits wellness. The Municipality's Human Resources function is aimed at ensuring enhanced service delivery with efficient institutional arrangements by increasing levels of employee morale.

T 3.26.1

Employees: Human Resource Services					
Job Level	**Year -1**	**Year 0**			
	Employees No.	**Posts** No.	**Employees** No.	**Vacancies (fulltime equivalents)** No.	**Vacancies (as a % of total posts)** %
0 - 3	1	1	1	0	0%
4 - 6	4	4	4	0	0%
7 - 9	1	1	1	0	0%
10 - 12	10	10	8	2	20%
Total	16	16	14	2	13%
*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* *T3.26.4*					

Financial Performance Year 0: Human Resource Services					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**17 933**	**17 933**	**17 859**	0%
Expenditure:					
Employees		9 879	9 939	9 397	-5%
Repairs and Maintenance		2 673	475	131	-1940%
Other		5 473	5 456	8 471	-26%
Total Operational Expenditure		**18 025**	**15 871**	**17 999**	-30%
Net Operational Expenditure		**(92)**	**2 062**	**(140)**	102%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.26.5*

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Our mission is to be a respected internal service provider to all stakeholders of the Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intentions to reach ensure that we develop an ICT Strategy that is aligned to IDP over a period of 3 years.

T 3.27.1

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	1	2	2	0	0%
Total	4	5	5	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4*

Financial Performance Year 0: ICT Services					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**4 470**	**4 470**	**4 452**	0%
Expenditure:					
Employees		2 086	2 086	2 032	-3%
Repairs and Maintenance		250	50	29	-760%
Other		1 619	1 119	1102	-203%
Total Operational Expenditure	0	**3 955**	**3 255**	**3 163**	-52%
Net Operational Expenditure	0	**(515)**	**(1 215)**	**1 289**	72%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. *T 3.27.5*

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Constitutional and other legal imperatives require local government to participate in and develop extensive legal relationships. As social change agents local government interacts with individuals, interest groups, the private sector and other organs of state in a number of ways. Needless to say, Legal Services play a crucial role in such interaction.

Our essential and top priority has always been to minimize legal risk to the Municipality, whether it is on a proactive or reactive basis. This is done in relation to a number of activities, including civil court matters, the supply of sound legal advice and negotiating agreements.

T3.28.1

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		**217**	**217**	**109**	**-98%**
Expenditure:					
Employees		217	217	231	6%
Repairs and Maintenance		–	–	0	100%
Other		7 931	7 931	–	0%
Total Operational Expenditure		**8 148**	**8 148**	**231**	**-3429%**
Net Operational Expenditure		**7 931**	**7 931**	**121**	**-6429%**
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.28.5*

COMPONENT J: MISCELLANEOUS

This component is not applicable

COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organizational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organizational culture to the business objectives to improve organizational efficacy and measure.
5. Recruitment, selection and employment;
6. Labour relations management;
7. Pay and leave administration;
8. Staff administration;
9. Grading and remuneration;
10. Sick leave management;
11. Employee wellness
12. Job Evaluation; Employee Relations; Organizational Development; Occupational Health and Safety; and HR Management Services.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	34	34	34	0	%
Waste Water (Sanitation)	26	26	26	0	%
Electricity	13	13	13	0	%
Waste Management	17	19	19	0	%
Housing	2	2	2	0	%
Waste Water (Stormwater Drainage)	10	10	5	5	%
Roads	22	22	22	0	%
Transport	2	4	2	2	%

Planning	3	3	3	0	%
Local Economic Development	5	5	5	0	%
Planning (Strategic & Regulatary)	5	6	5	1	%
Local Economic Development	58	68	58	10	%
Community & Social Services	3	3	3	0	%
Enviromental Proctection	29	30	29	1	%
Health	76	92	88	4	%
Security and Safety	14	19	14	5	%
Sport and Recreation	46	49	46	3	%
Corporate Policy Offices and Other	7	8	7	1	%
Totals	**372**	**413**	**381**	**32**	**–**

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

Vacancy Rate: Year 0			
Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	1	100,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	5	3	60,00
Senior management: Levels 13-15 (excluding Finance Posts)			
Senior management: Levels 13-15 (Finance posts)			
Highly skilled supervision: levels 9-12 (excluding Finance posts)			
Highly skilled supervision: levels 9-12 (Finance posts)			
Total	**7**	**4**	57,14

*Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 4.1.2

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year** **No.**	**Terminations during the Financial Year** **No.**	**Turn-over Rate***

Year -2	2	27	1350%
Year -1	0	0	
Year 0			
** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*			*T 4.1.3*

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organisation. There are training programmes that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the\competency of our employees the unit is also responsible to work in partnership with various departments and\training providers and communities to improve the level of skills, knowledge and behavior of our employee\sand citizens to be active participants in the municipality and the economic development and growth of the municipality.

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T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			
2	Attraction and Retention	100%	100%	1-May-15
3	Code of Conduct for employees	100%	100%	Main Collective Agreement
4	Delegations, Authorisation & Responsibility	100%	100%	
5	Disciplinary Code and Procedures	100%	100%	Main Collective Agreement
6	Essential Services	100%	100%	Main Collective Agreement
7	Employee Assistance / Wellness	100%	100%	1-May-15
8	Employment Equity	100%	100%	1-May-15
9	Exit Management	100%	100%	1-May-15
10	Grievance Procedures	100%	100%	Main Collective Agreement
11	HIV/Aids	100%	100%	
12	Human Resource and Development	100%	100%	
13	Information Technology	100%	100%	
14	Job Evaluation	100%	100%	1-May-15
15	Leave	100%	100%	1-May-15
16	Occupational Health and Safety	100%	100%	1-May-15
17	Official Housing	100%	100%	Main Collective Agreement
18	Official Journeys	100%	100%	
19	Official transport to attend Funerals	100%	100%	
20	Official Working Hours and Overtime	100%	100%	1-May-15
21	Organisational Rights	100%	100%	Main Collective Agreement
22	Payroll Deductions	100%	100%	
23	Performance Management and Development	100%	100%	1-May-15
24	Recruitment, Selection and Appointments	100%	100%	1-May-15
25	Remuneration Scales and Allowances	100%	100%	
26	Resettlement	100%	100%	
27	Sexual Harassment	100%	100%	
28	Skills Development	100%	100%	1-May-15
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	100%	100%	1-May-15
33	Other:	100%	100%	
Use name of local policies if different from above and at any other HR policies not listed.				*T 4.2.1*

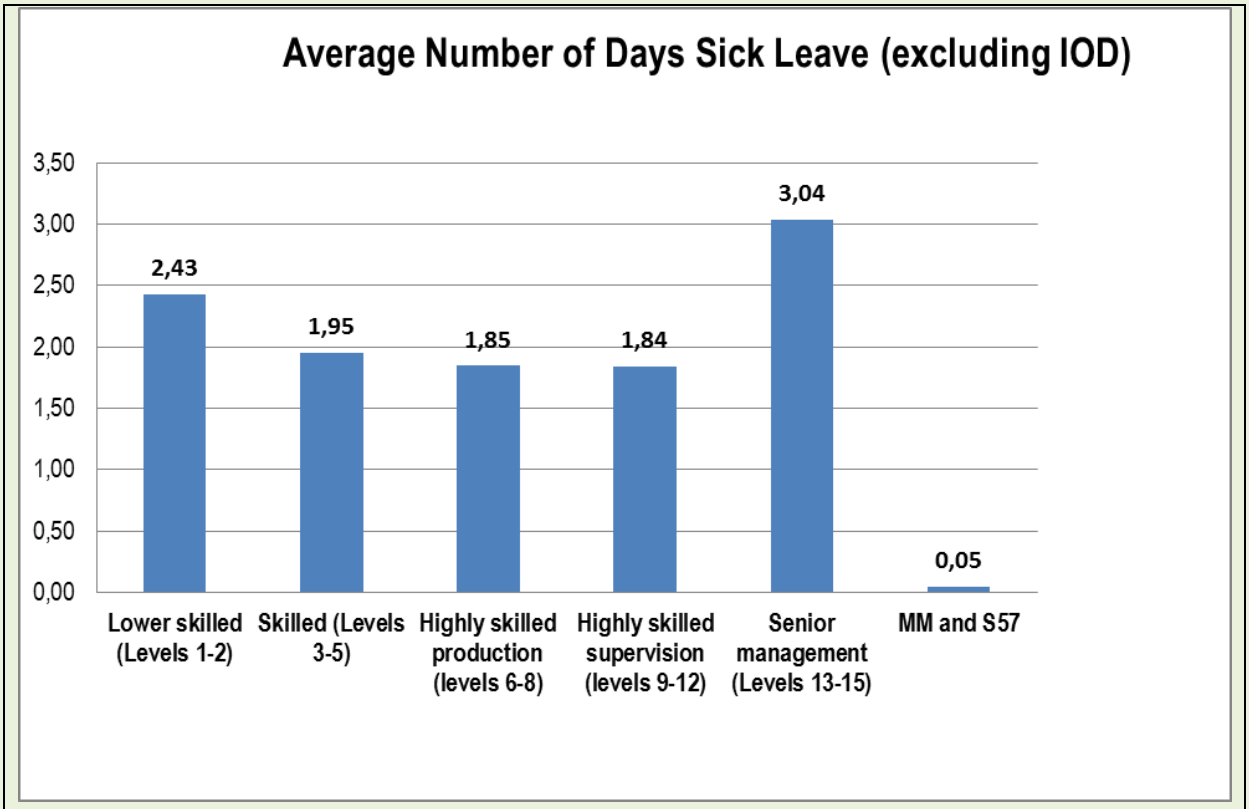
4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were no work related injuries

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	411	0%	43	43	2,43	30
Skilled (Levels 3-5)	330			33	1,95	
Highly skilled production (levels 6-8)	312			35	1,85	
Highly skilled supervision (levels 9-12)	311	0%	33	33	1,84	31
Senior management (Levels 13-15)	513			21	3,04	
MM and S57	8			4	0,05	
Total	**1885**	**0%**	**76**	**169**	11,15	**61**

** - Number of employees in post at the beginning of the year*
**Average is calculated by taking sick leave in colunm 2 divided by total employees in colunm 5*

T 4.3.2



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

The following steps were taken during the year to reduce injuries on duty, sick leave management and follow-up action.

- Comprehensive Safety Management programme in place
- Facilitation of incident and accident investigation
- Scheduled safety training, and safe work procedures

Medical Surveillance

- Pre-placement, periodic, transfer, and scheduled medical examinations based on occupational risk exposure profiles
- Audiometry and hearing monitoring
- Spirometry and respiratory programme

Preventative Programmes

- Immunization programmes
- Occupational post exposure prophylaxis for needle stick injuries
- Trauma de-briefing for workers exposed to traumatic events

Incapacity and Medical Board Assessment management

- Return to work assessments
- Disability management

Sick leave Management

- Multidisciplinary approach to sick leave management

- Profiling sick leave frequency and trends
- Home visits, liaison with treating medical practitioner
- Awareness and liaison with medical practitioners found to issue frequent and generous sick leave
- Medical assessment of employees taking frequent and long episodes of sick leave
- Facilitate medical assessments for incapacity

T 4.3.4

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Care Taker: Buildings	Misrepresentation of Qualifications/ Gross Dishonesty	None	Disciplinary Tribunal Hearing concluded, but awaiting Presiding Officer's recommendations	12/10/2017
ITC Webmaster	Abscondment/ AWOL	None	Summary dismissal due to desertion	30-Mar-18

T 4.3.5

4.4 PERFORMANCE REWARDS

There were no performance rewards during the year

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organisation. There are training programmes that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the\competency of our employees the unit is also responsible to work in partnership with various departments and\training providers and communities to improve the level of skills, knowledge and behavior of our employee\sand citizens to be active participants in the municipality and the economic development and growth of the municipality. *T 4.5.0*

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	0	1	1	1
Chief financial officer	1	0	0	1	1	1
Senior managers	5	0	0	5	5	5
Any other financial officials	7	0	0	7	0	7
Supply Chain Management Officials	**4**			**4**		**4**
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	0	1	0	1
TOTAL	**19**	**0**	**0**	**19**	**7**	**19**

** This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)* *T 4.5.2*

SKILS DEVELOPMENT EXPENDITURE

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003.The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programmes for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programmes:

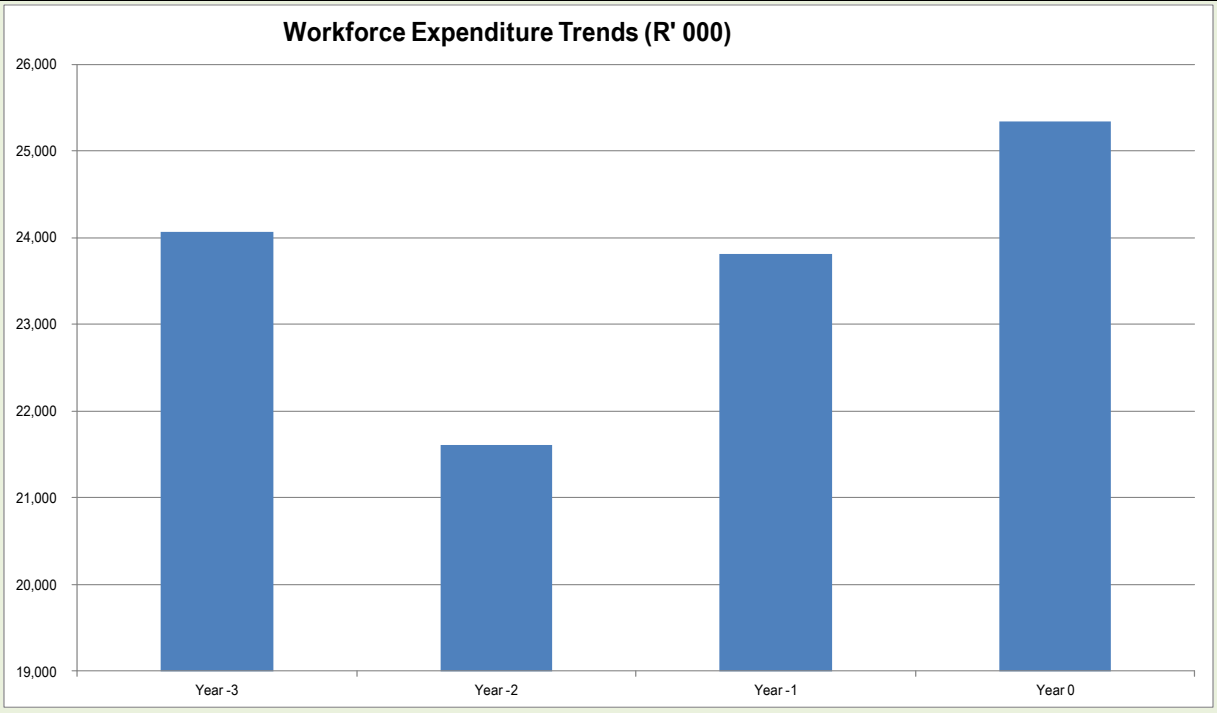
1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance

5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance
10. Sick Leave monitoring and management
11. Wellness programmes
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of about 358 permanent employees is a responsibility of Human Resources together with IT Systems Management, through integrated software, VIP System. Financially all vacancies and programmes are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22 *T 4.6.1*

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water		11 335	8 985	8 609	-31,68%	-4,38%
Waste Water (Sanitation)		13 887	13 887	12 062	-15,14%	-15,14%
Electricity		76 091	55 461	56 164	-35,48%	1,25%
Waste Management		6 115	5 646	8 105	24,55%	30,34%
Housing		1 084	1 084	1 056	-2,65%	-2,65%
Component A: sub-total	–	108 512	85 063	85 995	-26,18%	1,08%
Waste Water (Stormwater Drainage)						
Roads		63 131	60 736	16 848	-274,71%	-260,49%
Transport						
Component B: sub-total	–					
Planning		9 483	5 457	12 414	23,61%	56,04%
Local Economic Development						
Component B: sub-total	–	9 483	5 457	12 414	23,61%	56,04%
Planning (Strategic & Regulatary)		–				
Local Economic Development						
Component C: sub-total	–	–	–	–		
Community & Social Services		49 467	13 870	24 249	-103,99%	42,80%
Public Safety		16 273	7 951	22 644	28,13%	64,89%
Executive and Council		44 677	36 385	33 072	-35,09%	-10,02%
Budget and treasury office		57 021	59 334	35 900	-58,83%	-65,28%
Sport and Recreation		6 456	5 095	5 439	-18,70%	6,33%
Corporate services		22 801	19 125	13 860	-64,51%	-37,99%
Component D: sub-total	–	196 695	141 759	135 162	-45,53%	-4,88%
Total Expenditure	–	**314 690**	**232 279**	**233 571**	-34,73%	0,55%

5.2 GRANTS

Grant Performance R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**129 053**	**40 307**	**140 307**	**140 307**	0	–
Equitable share	126 139	137 071	137 071	137 071	0	–
Financial Management Grant	1 810	2 145	2 145	2 145	0	–
EPWP Grant	1 104	1 091	1 091	1 091	(0)	–
Provincial Government:	**2 310**	**2 795**	**2 795**	**2 795**	0	–
Sports and Recreation	500	650	650	650	0	–
Financial Management Grant	1 810	2 145	2 145	2 145	0	–
Total Operating Transfers and Grants	**131 363**	**143 102**	**143 102**	**143 102**		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.
Full list of provincial and national grants available from published gazettes. *T 5.2.1*

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has established asset management unit in line with Section 63 of the MFMA and is responsible for:

- Safeguarding of assets and liabilities
- Ensuring that the municipality's assets are valued in accordance with the standards of generally recognised accounting practice
- Ensuring that the municipality has and maintains a system of internal control of assets and liabilities, including as asset and liability register, as may be prescribed.
- Ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

CAPACITY OF THE UNIT

- The unit has four permanent employees in financial year 2016/17 comprising of:
- Manager Assets and Liabilities
- Accountant Assets and Liabilities
- Senior Clerk movable, and immovable assets
- Senior Clerk Insurance and Liabilities.

The unit is currently receiving support from the provincial treasury through the hiring of the support team (JBFE Consultants).
The support team is mainly assisting on grap 17 and grap 16 Comprising of six positions. This functions of this unit includes were outsourced to external service providers. To ensure that the finances are managed in a sustainable manner and meet the needs of the community in line with all assigned and delegated powers by the Council and the Accounting Officer..

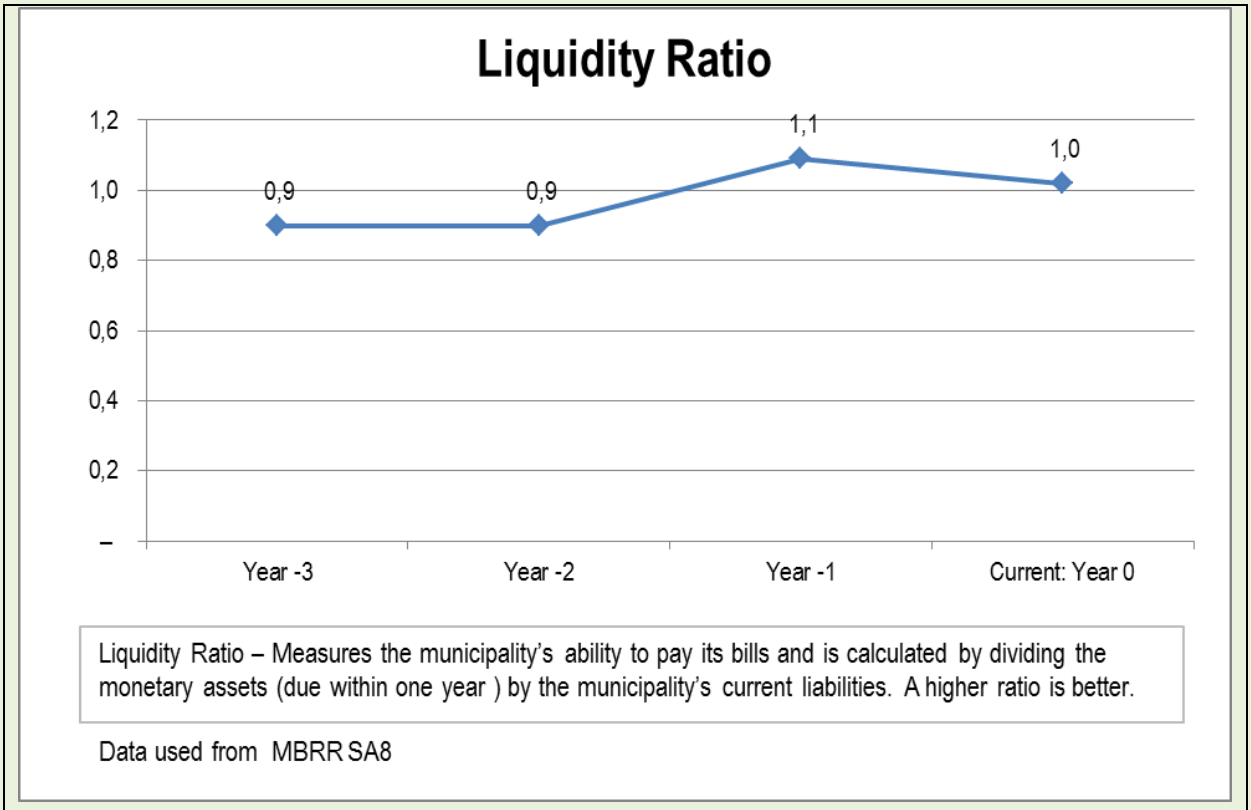
T 5.3.1

COMMENT ON ASSET MANAGEMENT:

There was no acquisition of new assets during the year.

T 5.3.3

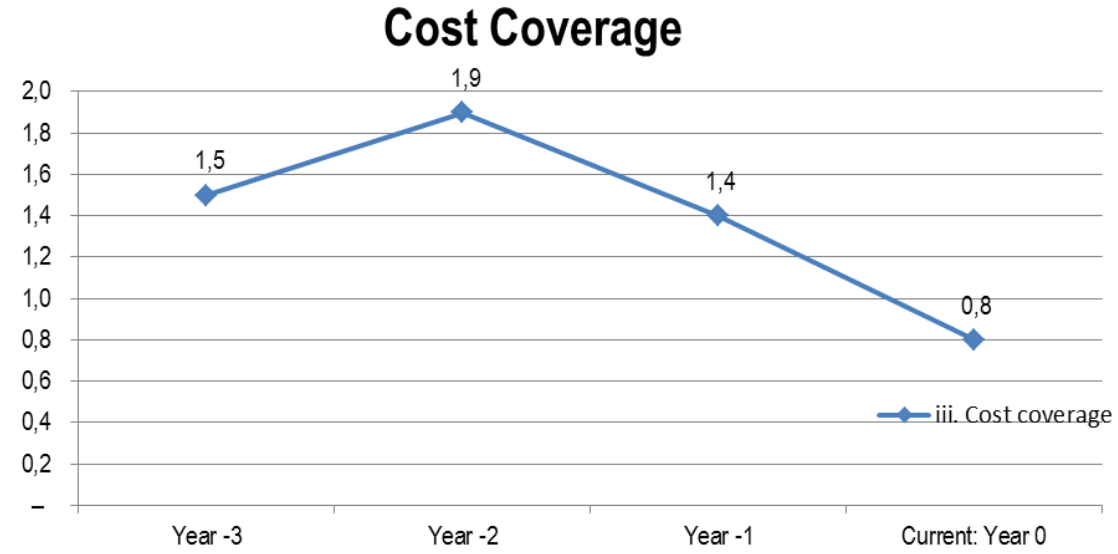
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

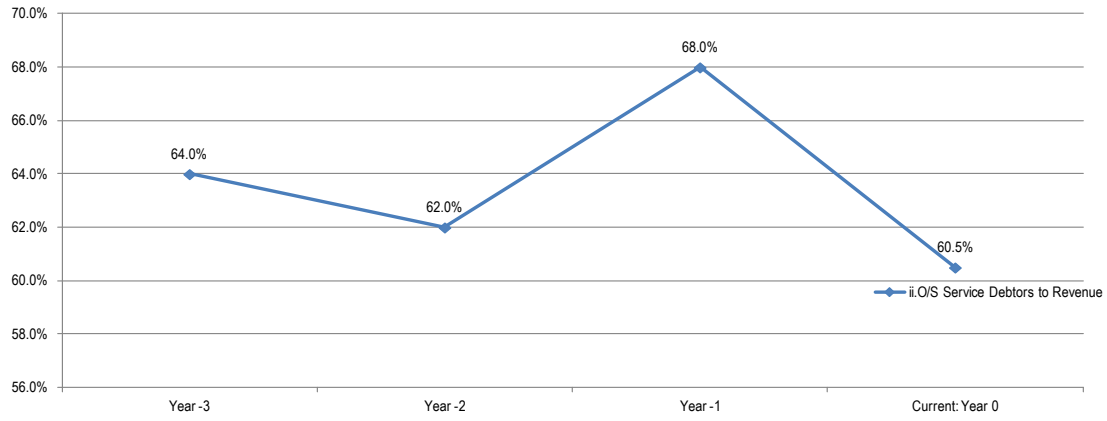
T 5.4.1



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

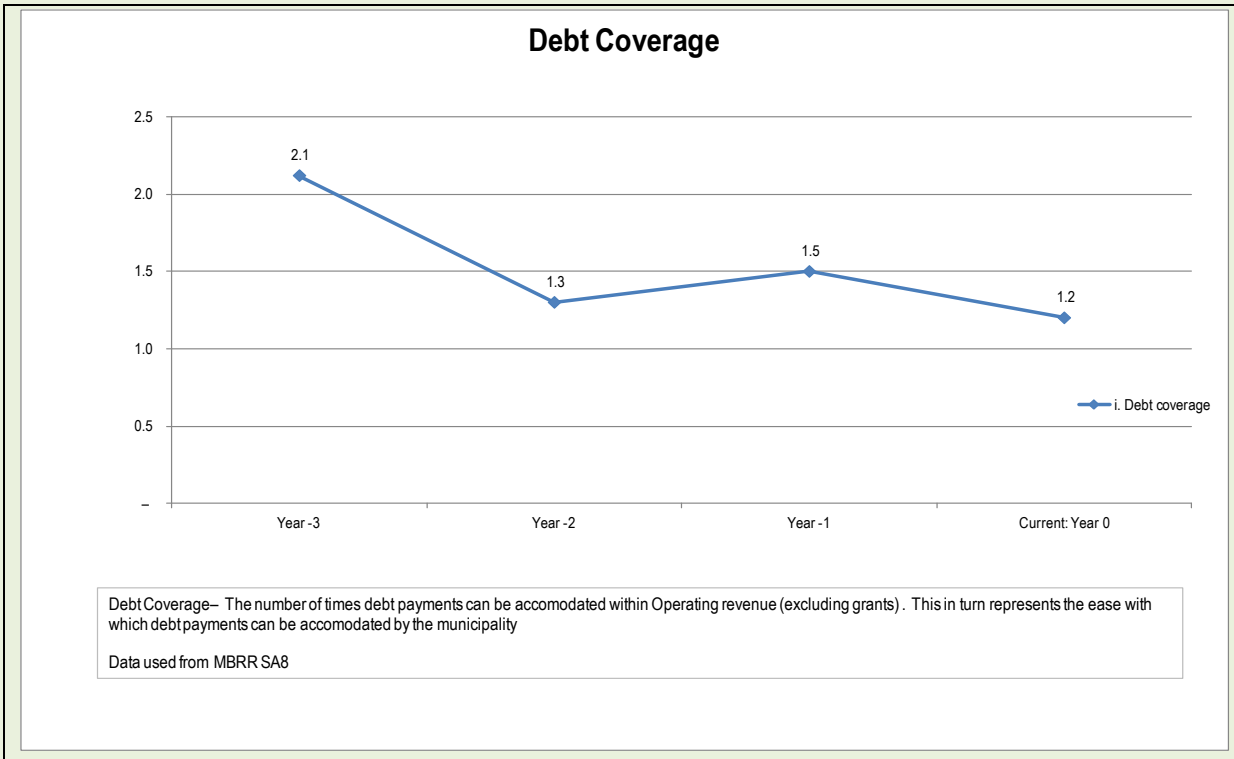
T 5.4.2



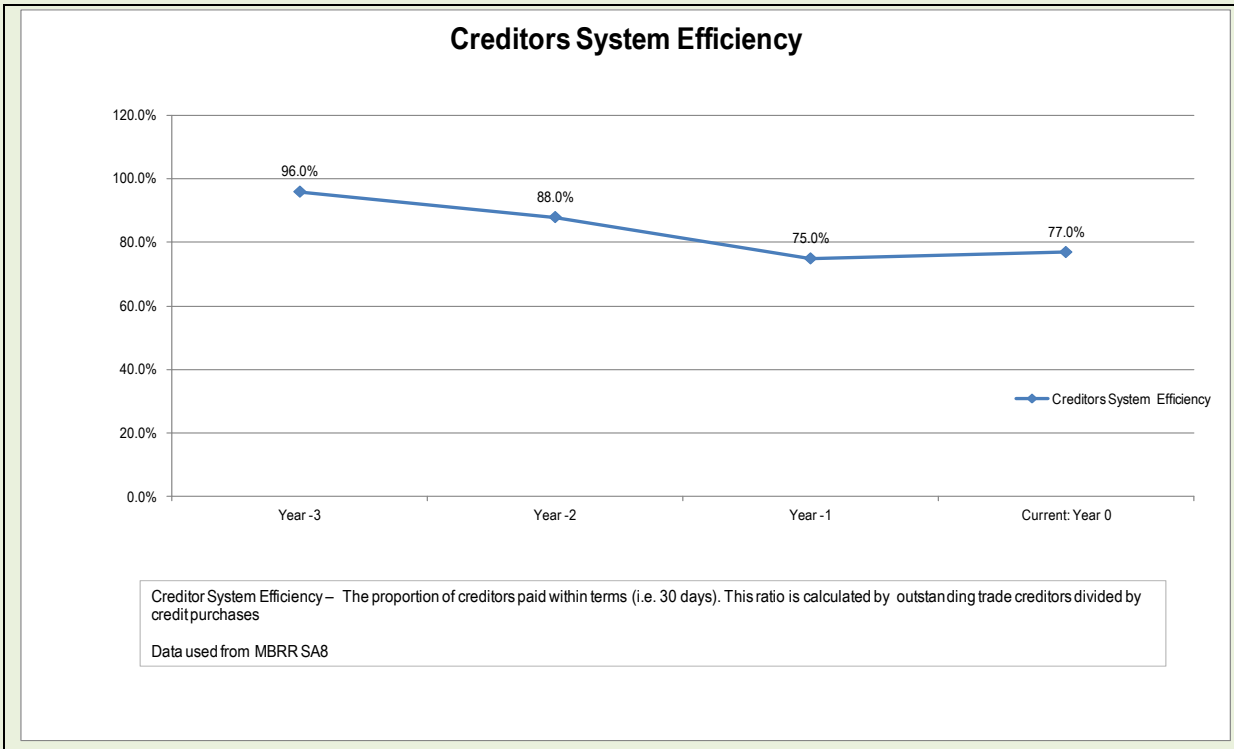
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

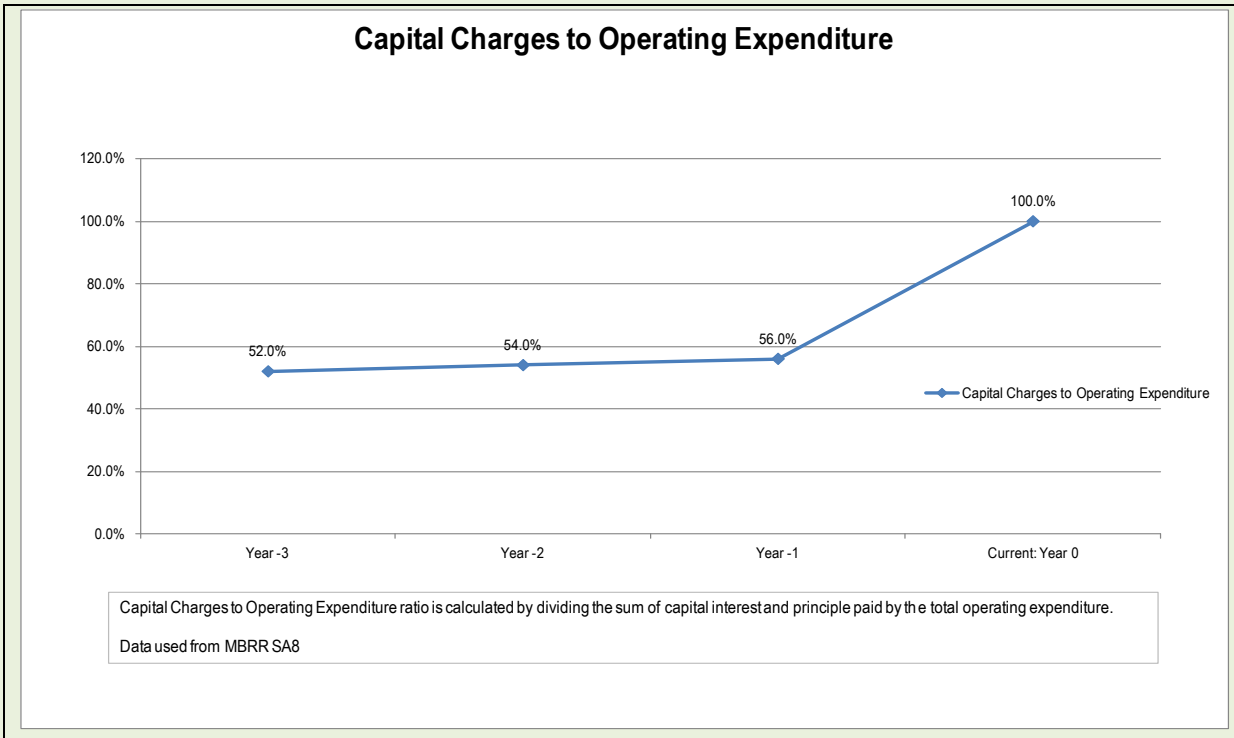
T 5.4.3


Debt Coverage
2.5
2.0
1.5
1.0
0.5
–
2.1
1.3
1.5
1.2
i. Debt coverage
Year -3
Year -2
Year -1
Current: Year 0
Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality
Data used from MBRR SA8

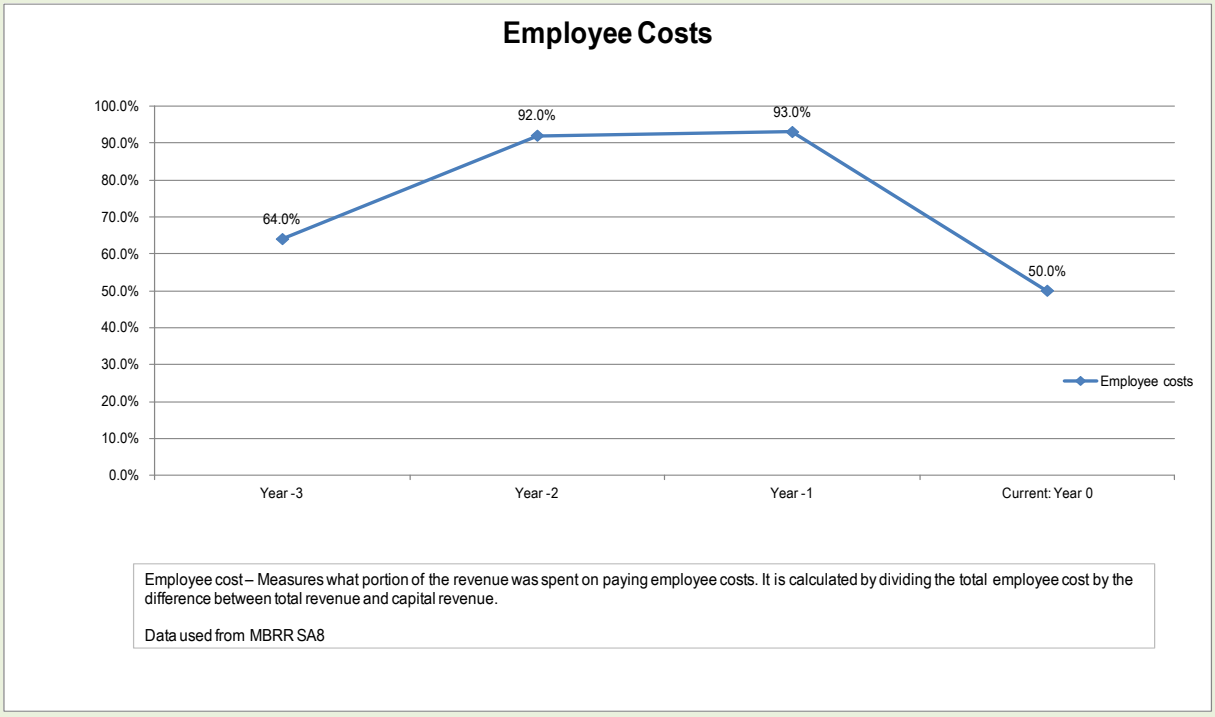
T 5.4.4


Creditors System Efficiency
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
96.0%
88.0%
75.0%
77.0%
Creditors System Efficiency
Year -3
Year -2
Year -1
Current: Year 0
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases
Data used from MBRR SA8

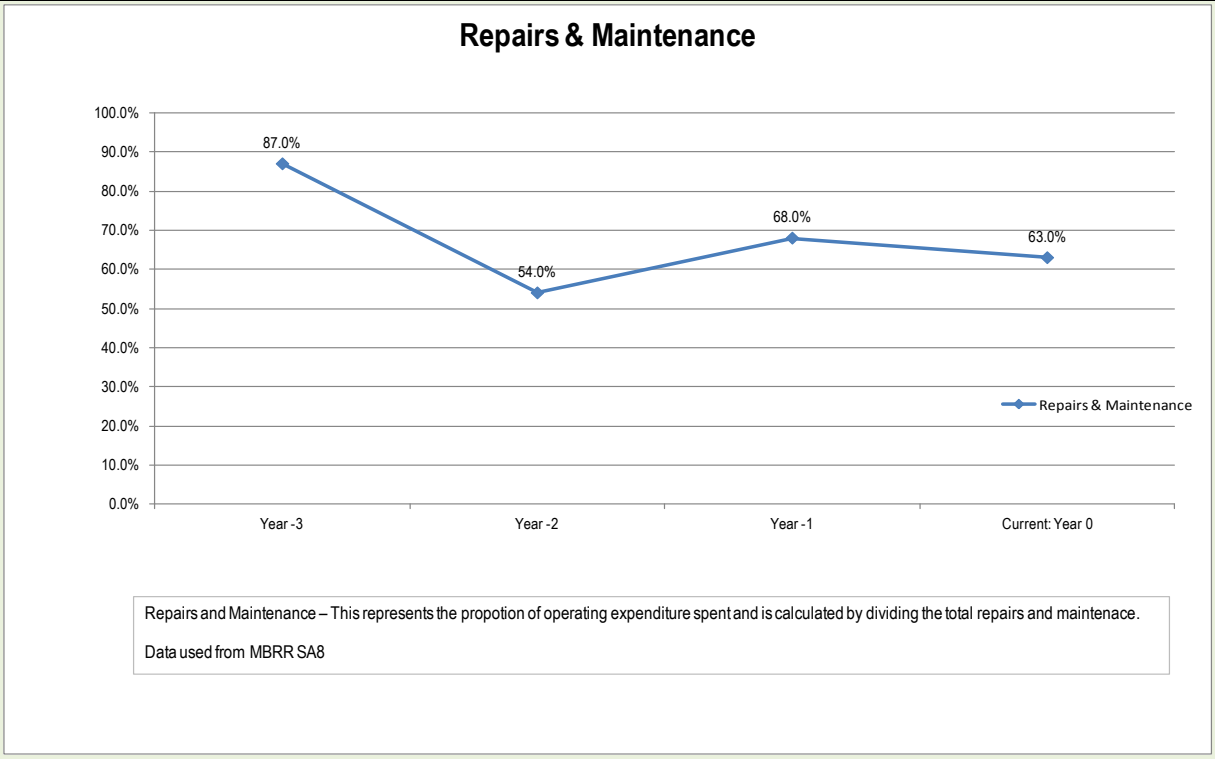
T 5.4.5


Capital Charges to Operating Expenditure
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
52.0%
54.0%
56.0%
100.0%
Year -3
Year -2
Year -1
Current: Year 0
Capital Charges to Operating Expenditure
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.
Data used from MBRR SA8

T 5.4.6


Employee Costs
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
64.0%
92.0%
93.0%
50.0%
Year -3
Year -2
Year -1
Current: Year 0
Employee costs
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.
Data used from MBRR SA8

T 5.4.7



T 5.4.8

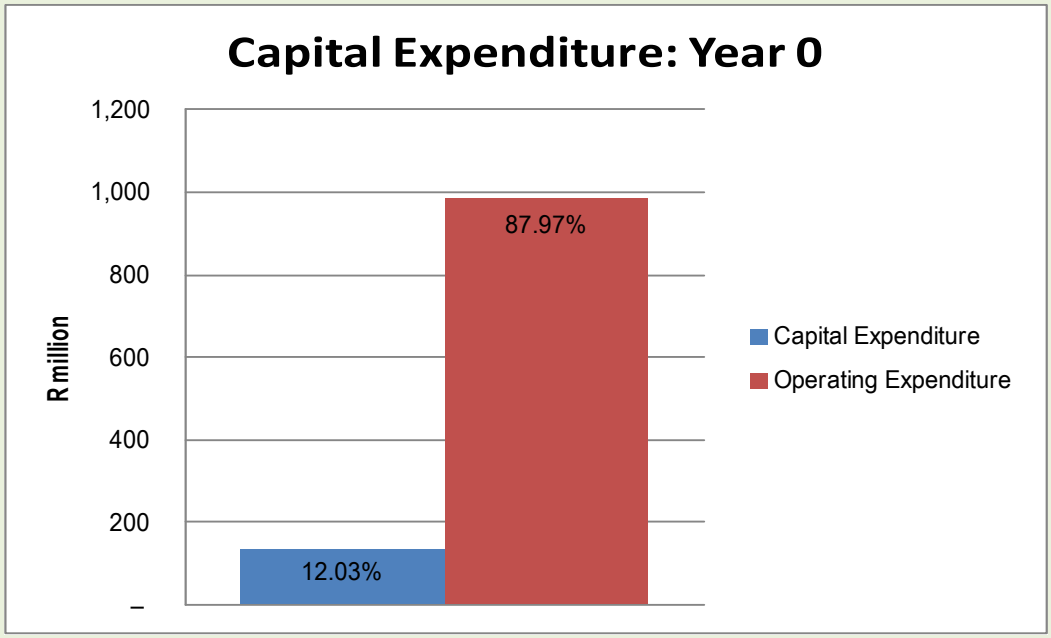
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

5.5 CAPITAL EXPENDITURE



T 5.5.1

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							R' 000
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies		60 033	50 374	50 374	-16,09%	-16,09%
	Other		6 154	4 215	3 500	-31,51%	-43,13%
Total		**0**	**66 186 852**	**54 588 992**	**53 874 000**		
Percentage of finance							
	External loans		0,0%	0,0%	0,0%		
	Public contributions and donations		0,0%	0,0%	0,0%		
	Grants and subsidies		90,7%	92,3%	93,5%		
	Other		9,3%	7,7%	6,5%		

Capital expenditure							
	Water and sanitation		2 350			-100,00%	-100,00%
	Electricity		18 000	6 679	6 679	-62,89%	-62,89%
	Housing						
	Roads and storm water		43 274	43 274	43 274	0,00%	0,00%
	Other		2 563	4 636	3 500	80,89%	36,57%
Total		**0**	**66 186 852**	**54 588 992**	**53 453 000**		
Percentage of expenditure							
	Water and sanitation		3,6%	0,0%	0,0%		
	Electricity		27,2%	12,2%	12,5%		
	Housing		0,0%	0,0%	0,0%		
	Roads and storm water		65,4%	79,3%	81,0%		
	Other		3,9%	8,5%	6,5%		

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					**R' 000**
Name of Project	**Current: Year 0**			**Variance: Current Year 0**	
	Original Budget	**Adjustment Budget**	**Actual Expenditure**	**Original Variance (%)**	**Adjustment variance (%)**
Lekgopung internal roads and stormwater	5 000 000	0	4 564 618	9%	100%
Motswedi Internal roads and stormwater	5 000 000	0	2 135 691	57%	100%
Swartkofontien internal roads and stormwater	6 000 000	0	4 507 313	25%	100%
Lobatla Internal roads and storm water	6 000 000	0	3 821 404	36%	100%
Borakalalo sports facility	7 274 000	0	5 102 309	30%	100%
** Projects with the highest capital expenditure in Year 0*					
Name of Project - A					
Objective of Project	1 sports field				
Delays	Implementation				
Future Challenges	none				
Anticipated citizen benefits	Sporting activities				
Name of Project - B					
Objective of Project	1.2 km of tarred road				
Delays	Implementation				
Future Challenges	none				
Anticipated citizen benefits	Controlled access				

Name of Project - C	
Objective of Project	1.5 km of Tarred roads
Delays	Implementation
Future Challenges	none
Anticipated citizen benefits	Controlled access
Name of Project - D	
Objective of Project	1.2 Km of paved road
Delays	Implementation
Future Challenges	none
Anticipated citizen benefits	Controlled access
Name of Project - E	
Objective of Project	1 km of Paved road
Delays	Implementation
Future Challenges	none
Anticipated citizen benefits	Controlled access
	T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
						R' 000
Details	**Budget**	**Adjustments Budget**	**Actual**	**Variance**		**Major conditions applied by donor (continue below if necessary)**
				Budget	**Adjust-ments Budget**	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	36000000	0	34900000	%	%	
Storm water	0	0	0	%	%	
Total				%	%	

** MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

T 5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				R'000
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts		**327 332**	**317 848**	**292 349**
Ratepayers and other		125 832	124 030	108 210
Government - operating		140 784	141 525	142 307
Government - capital		60 033	52 133	40 950
Interest		683	160	882
Dividends		–		
Payments		**(203 500)**	**(256 390)**	**(256 246)**
Suppliers and employees		(202 920)	(255 940)	(254 108)
Finance charges		(580)	(450)	(2 137)
Transfers and Grants		–		
NET CASH FROM/(USED) OPERATING ACTIVITIES	**–**	**123 831**	**61 458**	**36 104**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				1 053
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				(2 808)
Decrease (increase) in non-current investments				
Payments				(1 755)
Capital assets		(66 778)	(54 589)	(31 154)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**–**	**(66 778)**	**(54 589)**	**(32 909)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				(1 010)
Borrowing long term/refinancing				–
Increase (decrease) in consumer deposits				136
Payments				
Repayment of borrowing	(580)		(580)	(762)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(580)**	**–**	**(580)**	**(1 636)**
NET INCREASE/ (DECREASE) IN CASH HELD		**57 054**	**6 289**	**1 559**

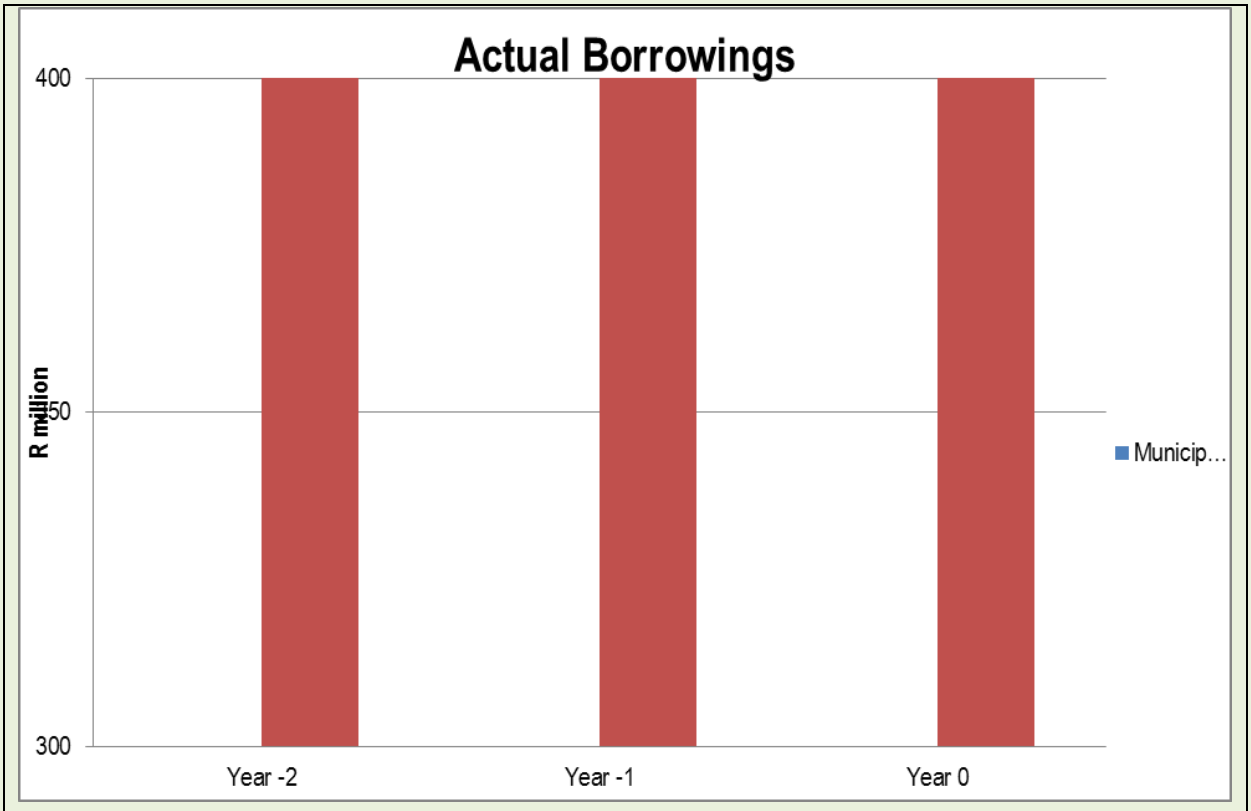
	(580)			
Cash/cash equivalents at the year begin:				–
Cash/cash equivalents at the year end:		57 054	6 289	1 559
Source: MBRR A7				*T 5.9.1*

COMMENT ON CASH FLOW OUTCOMES:

The actual cash flow bottom line surpassed the budgeted cash flow balance by about R4m. This is attributable to controls implemented by management and staff awareness about the importance of maintaining a healthy bank balance. Improvement collection from our ratepayers also contributed positively in attaining this.*T 5.9.1.1*

5.10 BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 to Year 0			R' 000
Instrument	**Year -2**	**Year -1**	**Year 0**
Municipality			
Long-Term Loans (annuity/reducing balance)	4697098	3718455	4281015
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	0	2807788	1798136
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	4 697 098	6 526 243	6 079 151


Actual Borrowings
400
350
300
R million
Year -2
Year -1
Year 0
Municip...

T 5.10.3

5.11 PUBLIC PRIVATE PARTNERSHIPS

Not Applicable

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2016/17 was adopted by Council in 31 May 2016 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2011, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on 08 June 2011 the new regulations aims to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from 7 December 2011, issued by National treasury *T 5.12.1*

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

T 5.13.1

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement… must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: 2016/17	
Audit Report Status*:	**Qualified Audit Opinion**
	T 6.1.1

Auditor-General Report on Service Delivery Performance: 2016/17	
Audit Report Status:	**Qualified Audit Opinion**

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2017/18

The Municipality received a Disclaimer Audit Opinion

Auditing to build public confidence

AUDITOR-GENERAL SOUTH AFRICA

Report of the auditor-general to the North West provincial legislature and the council on the Ramotshere Moiloa Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the municipality set out on pages 139 to 201, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Investment property

3. I was unable to obtain sufficient appropriate audit evidence for investment property as adjustments in the prior year were not substantiated with sufficient appropriate audit evidence. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustment to investment property of R53 836 358 (2017: R54 972 872) as disclosed in note 8 to the financial statements was necessary.

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments to property, plant and equipment of R581 584 006 (2017: R578 223 324) as disclosed in note 9 to the financial statements and the depreciation and amortisation expense of R29 169 910 (2017: R31 109 207) as disclosed in note 29 to the financial statements were necessary.

Consumer debtors

5. I was unable to obtain sufficient appropriate audit evidence for consumer debtors, including the debt impairment, VAT on debtors and other related disclosures due to the status of the accounting records. I was unable to confirm these consumer debtors and debt impairment by alternative means. Consequently, I was unable to determine whether any adjustments relating to consumer debtors of R58 247 095 (2017: R44 832 650) as disclosed in note 6 and the debt impairment expense of R7 445 962 (2017: R36 052 610) as disclosed in note 28 to the financial statements were necessary.

Inventories

6. I was unable to obtain sufficient appropriate audit evidence for inventories due to the status of the accounting records. I was unable to confirm these inventories by alternative means. Consequently, I was unable to determine whether any adjustment relating to inventory of R7 020 503 as disclosed in note 2 to the financial statements was necessary.

Payables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for trade payables included in payments from exchange transactions due to the status of the accounting records. I was unable to confirm these payables by alternative means. In addition, accrued leave pay was calculated using the incorrect rates resulting in employee related cost and accrued leave pay being understated by R10 822 615. Consequently, I was unable to determine whether any further adjustment relating to payables from exchange transaction of R105 449 999 (2017: R97 112 278) as disclosed in note 14 to the financial statements was necessary.

VAT payable

8. The municipality did not correctly account for VAT on payables and receivables as the municipality did not maintain adequate records of VAT on payables and receivables. I was unable to determine the full extent of the misstatement on the VAT payable of R1 229 377 as disclosed in note 15 to the financial statements as it was impracticable to do so.

Provisions

9. The municipality did not correctly recognise the provision for the landfill site rehabilitation in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently, provision for the environmental rehabilitation included in provisions disclosed in note 19 was overstated by R28 750 257 (2017: R16 065 684), the landfill site disclosed in note 9 was overstated by R5 668 229 (2017: R5 668 229), general expenses disclosed in note 33 was overstated by R13 667 000 (2017: R10 460 000) and finance cost disclosed in note 31 is understated with R982 427 (2017: R869 118). Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

Revenue from exchange transactions

10. During 2017, the municipality did not correctly recognise revenue in accordance with GRAP 9, *Revenue from exchange transactions* as sewerage and sanitation charges

were calculated using inaccurate information. As a result, the corresponding figure for service charges was understated by R12 265 964, consumer debtors was understated by R13 983 199 and the VAT payable was understated by R1 717 234. Additionally, there was a resultant impact on the deficit for the corresponding period and on the accumulated surplus.

11. I was unable to obtain sufficient appropriate audit evidence for service charges in the current and previous year and licences and permits in the previous year due to the status of the accounting records. I could not confirm these revenues by alternative means. Consequently, I was unable to determine whether any further adjustments to service charges of R70 065 993 (2017: R67 985 005) and the corresponding figure for licences and permits of R2 778 840 as disclosed in the Statement of Financial performance, consumer debtors of R58 247 095 (2017: R44 832 650) as disclosed in note 6 and the corresponding figure for receivables from exchange transactions of R670 313 as disclosed in note 4 to the financial statements, were necessary.

Revenue from non-exchange transactions

12. I was unable to obtain sufficient appropriate audit evidence for property rates and receivables from non-exchange transactions due to the status of the accounting records. I was unable to confirm these property rates and receivables from non-exchange transaction by alternative means. Consequently, I was unable to determine whether any adjustments relating to property rates of R34 942 215 (2017: R40 473 071) as disclosed in note 23 and receivables from non-exchange transactions of R11 542 020 (2017: R6 765 865) as disclosed in note 5 to the financial statements were necessary.

13. The municipality did not correctly recognise revenue in accordance with GRAP 23, *Revenue from non-exchange transactions (taxes and transfers) as r*evenue from traffic fines was duplicated. Consequently, fines, penalties and forfeits of R5 575 164 as disclosed in the statement of financial performance and receivables from non-exchange transactions of R11 542 020 as disclosed in the statement of financial position were overstated by R2 343 280. Additionally, there was a resultant impact on the surplus for the period and accumulated surplus.

14. I was unable to obtain sufficient appropriate audit evidence for revenue from government grants and subsidies due to the status of the accounting records. In addition, the municipality were providing retail water services on behalf of the district municipality and as per the agreement with the district municipality, the actual cost incurred by the municipality for the provision for free basic water and sanitation services shall be paid by the district municipality. As the municipality did not maintain adequate records of these costs or amounts received from the district I was unable to determine the resultant understatement relating to these services. I could not confirm these government grants and subsidies or related receivables and payables by alternate means. Consequently, I was unable to determine whether any adjustments to government grants and subsidies of R181 620 194 (2017: R168 002 587), receivables from non-exchange transactions of R11 542 020 (2017: R6 765 865), unspent conditional grants and receipts of R3 412 376 (2017: R2 203 504) as per the statement of financial position or any related expenditure or payable were necessary.

General expenses

15. During 2017, I was unable to obtain sufficient appropriate audit evidence for general expenses due to a lack of adequate systems to maintain records to support financial information. I was unable to determine whether any adjustment to general expenses of R59 008 711 was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. I am still unable to confirm these expenses by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Accumulated surplus

16. I was unable to obtain sufficient appropriate audit evidence for the accumulated surplus due to differences between the financial statements and the accounting records. I was unable to confirm the accumulated surplus by alternate means. Consequently, I was unable to determine whether any adjustment relating to the accumulated surplus of R528 866 814 as presented in the statement of financial position or statement of changes in net assets was required.

Distribution losses

17. I was unable to obtain sufficient appropriate audit evidence for electricity losses due to the status of the accounting records. I was unable to confirm these electricity losses by alternate means. Consequently, I was unable to determine whether any adjustment relating to distribution losses of R11 446 915 as disclosed in note 46 to the financial statements was necessary.

18. The municipality did not disclose the water losses in the financial statements as required by section 125(2)(d)(i) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). As the municipality does not have adequate control measures in place to accurately determine the extent of water losses, I was unable to determine the full extent of the distribution losses, as it was impracticable to do so.

Irregular expenditure

19. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R38 769 925 in contravention with the supply chain management requirements and salary overpayments of R1 882 534 to councillors in excess of the upper limits as determined in terms of the Remuneration of Public Office Bearers Act, 1998 (Act no. 20 of 1998), which were not included in irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R153 138 291 as disclosed in note 43 to the financial statements.

Prior period errors

20. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period errors. I was unable to confirm the disclosed amounts and explanations by alternative means. Consequently, I was unable to determine whether the adjustments to prior period errors were appropriately disclosed as per note 51 to the financial statements.

Risk management

21. The municipality did not disclose a summary of quantitative data about its exposure to risk arising from financial instruments and other related disclosure requirements as required by GRAP 104, *Financial instruments*. Consequently, the municipality did not disclose all the required information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments which the entity is exposed to in note 39 to the financial statements. I was unable to practicably determine the impact of the omitted disclosure.

Emphasis of matters

22. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unauthorised and fruitless and wasteful expenditure

23. As disclosed in note 41 to the financial statements, unauthorised expenditure of R23 268 307 was incurred in the current year and the unauthorised expenditure of R130 520 575 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

24. As disclosed in note 42 to the financial statements, fruitless and wasteful expenditure of R5 986 204 was incurred in the current year and fruitless and wasteful expenditure of R8 766 373 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matters

25. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

26. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

27. The supplementary information set out on pages 202 to 207 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

28. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA) and for such internal control as the accounting officer determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

29. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

30. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

31. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit of the financial statements. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

32. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.

33. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priorities	Pages in the annual performance report
KPA 2: Basic service delivery and infrastructure development	251 – 264

34. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 2: Basic service delivery and infrastructure development

Square meters of roads patched

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement against the target of "4366m^2 of Road patched by 30 June 2018". This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of "4624m^2" as reported in the annual performance report.

Number of kilometres of roads bladed

36. The reported achievement against the target of "100km roads bladed" in the annual performance report was "34.4km road bladed". However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of "30 km road bladed". In addition, I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported measures taken to improve performance.

Reviewed water and sanitation services maintenance plans reviewed by 30 June 2018

37. I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and processes that enable reliable reporting of actual service delivery against the indicator. This was due to limitations placed on the scope of my work. I was unable to validate the existence of systems and processes by alternative means. In addition, I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the target reviewed water and sanitation services maintenance plans reviewed by 30 June 2018 as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Various indicators: No evidence was provided for the measures reported to improve performance

38. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the following targets as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance as follows:

Indicator	Target	Reported achievement
Number of joint operational (Tshireletso security + RMLM) meetings	12 Meetings	Not achieved 3 Meetings

Indicator	Target	Reported achievement
Number of kilometres of roads re-gravelled	4km of roads re-gravelled	3.7km
Number of households energized	798 households energized (Henryville Phase 1 – 72HH, Ikageleng Ext 3 – 496HH, Kruisrivier phase 2-230HH)	Kruisrivier-230 connection Henryville- 75 connections achieved

Various indicators: Reported achievements not reliable

39. The reported achievement for the following indicators is not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of targets. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the reported achievement. The reported achievements for the indicators did not agree with supporting evidence provided, but I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Indicator	Reported achievement	Audit value
Number of beneficiaries receiving free basic refuse removal services	1801	2268
Number of beneficiaries receiving free basic electricity	1442	1816
Number of beneficiaries receiving free basic water	1442	1816

Various indicators: Indicators are not verifiable and reported achievements are not reliable

40. The systems and processes that enable reliable reporting of the achievement against the following targets were not adequately designed. As a result, I was unable to obtain sufficient appropriate audit evidence for the reported achievements. Limitations were placed on the scope of my work as I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report.

Indicator	Target	Reported achievement
Number of households with access to water	275	275
Number of households with access to electricity	275	275

Indicator	Target	Reported achievement
Number of households with access to sanitation	275	275

Various indicators: Indicators are not verifiable, reported achievements and measures reported to improve performance are not reliable

41. The systems and processes to enable reliable reporting of the achievement against the indicators were not adequately designed and implemented. As a result, I was unable to obtain sufficient appropriate audit evidence for the measures taken to improve performance against targets and the reported achievements of the indicators listed below due to these limitations placed on the scope of my work. I was unable to confirm the measures taken to improve performance against targets and the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the measures taken to improve performance against targets and to the reported achievements in the annual performance report.

Indicator	Target	Reported achievement
Number of Sports fields rehabilitated	2 sports fields rehabilitated by 30 June 2018	Not Achieved
Number of quarterly maintenance for community parks	1 park maintained quarterly by 30 June 2018	Achieved
Number of pest control conducted	4 pest control conducted by 30 June 2018	Not achieved
Number of roads upgraded (1km in Lekgophung, Zeerust 1.2km, Swartkopfontein - 1,km, Lobatla - 1,1km)	5 Roads upgraded 2018 (1km in Lekgophung, Zeerust 1.2km, Motswedi – 1km, Swartkopfontein – 1,1KM, Lobatla – 1,1km) by 30 June 2018	Road bed, sub-base, base layers completed for all projects
Number of Community halls completed at Mokgola Village	1 Community Halls completed at Mokgola Village by 30 June 2018	Foundation, walls, wall plate, roofing, borehole, fencing and plastering.
Number of sports fields rehabilitated	1 Sports fields rehabilitated at Borakallo by 31 December 2017	Ablution bock, revamp tennis and netball courts, grassing, grand stand, change room.
Completion of the Zeerust substation	Constructed the Zeerust switching station by 31st December 2017	Not Achieved

Indicator	Target	Reported achievement
Percentage of electrical connections (as and when applications are received) completed	100%	Not achieved
Percentage of water connections (as and when applications are received) are completed	100%	Not achieved
Percentage of sewerage connections (as and when applications are received) completed by 30 June 2018	100%	Not achieved

Other matters

42. I draw attention to the matters below.

Achievement of planned targets

43. Refer to the annual performance report on pages 210 to 289 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 35 to 41 of this report.

Report on audit of compliance with legislation

Introduction and scope

44. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

45. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual report

46. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of commitments, related parties, unauthorised expenditure, fruitless and wasteful expenditure, irregular expenditure, cash flow statement and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were subsequently provided, but the uncorrected material misstatements and supporting

records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

47. The 2016-17 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.

48. The council failed to adopt an oversight report containing the council's comments on the annual report within 9 months, as required by section 129(1) of the MFMA.

49. The oversight report adopted by the council on the 2016-17 annual report was not made public, as required by section 129(3) of the MFMA.

Expenditure management

50. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

51. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, payment of funds, as required by section 65(2)(a) of the MFMA.

52. Reasonable steps were not taken to prevent unauthorised expenditure of R23 268 307, as disclosed in note 41 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on allocated approved budget per vote.

53. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulations. Irregular expenditure of R1 529 555 was incurred on the key projects for internal roads and storm water in Ikageleng phase 2.

54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R5 986 204, as disclosed in note 42 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged on overdue accounts.

Revenue management

55. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

56. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

57. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

58. Unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

Strategic planning and performance management

59. The local community was not consulted on the drafting and implementation of the integrated development plan (IDP), as required by section 29(1)(b)(ii) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 15(1)(a)(i) of the Municipal Planning and Performance Management Regulations.
60. The IDP was not drafted considering the integrated development process and proposals submitted to it by the district municipality, as required by section 29(3)(b) of the MSA.
61. The local community was not afforded the opportunity to comment on the final draft of the IDP before adoption, as required by section 42 of the MSA and regulation 15(3) of the Municipal Planning and Performance Management Regulations.

Human resource management

62. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.
63. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.
64. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Procurement and contract management

65. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
66. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
67. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
68. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
69. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).
70. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified

in the procurement processes for the key project for the Internal Roads and Storm water in Ikageleng phase 2.

71. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation 29(5)(b).

72. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the key project of Internal Roads and Storm water in Ikageleng phase 2.

73. The preference point system was not applied for the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act.

74. Construction contracts were awarded to contractors that were not registered with the CIDB in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.

75. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.

76. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

77. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

Internal control deficiencies

78. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual financial report and the findings on compliance with legislation included in this report.

- Leadership did not provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the municipality. Furthermore, there was lack of oversight responsibility regarding financial and performance reporting and compliance and related internal controls.
- Management did not design and implement internal controls to provide reasonable assurance on the achievement of an entity's objectives, the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable legislation. Furthermore, the action plan was not adequate to address prior year audit findings; consequently, there were numerous instances of repeat audit findings identified during the current audit.

- Internal audit was not adequately resourced to monitor and evaluate internal controls, as a result it was unable to identify internal control deficiencies and recommend corrective action effectively. Further, the audit committee did not sufficiently provide assurance on the quality of the financial statements and performance reports prior to submission for audit and as a result numerous fundamental accounting misstatements were identified during the audit which could have reasonably been prevented had proper review been done.

Other reports

79. I draw attention to the following engagement that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

80. A forensic investigation conducted by an independent consulting firm into various irregularities relating to the sale of land, procurement and other matters, was finalised on 16 September 2016 and issued to the acting municipal manager and submitted to the council on 31 March 2017. The findings of the report have not yet been addressed.

81. The municipal public accounts committee is performing an investigation into allegations of irregularities which involved a councillor. The investigation was still in progress at the date of this report.

Potchefstroom

30 November 2018

Chapter 6

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Chapter 6

AUDIT RECOVERY PLAN

Area	Finding: Par in the Final Audit Report	Responsible Department/Directorate	Control/ Action Plan
82. **Investment property**	83. I was unable to obtain sufficient appropriate audit evidence for investment property as adjustments in the prior year were not substantiated with sufficient appropriate audit evidence. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustment to investment property of R53 836 358 (2017: R54 972 872) as disclosed in note 8 to the financial statements was necessary.	84. Chief Financial Officer/ Asset Manager	• Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. • Land audit to be conducted and correct register as a support will be produced.
85. **Property, plant and equipment**	86. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments to property, plant and equipment of R581 584 006 (2017: R578 223 324)	87. Chief Financial Officer/ Asset Manager	• The adjusted Annual Financial Statement were subsequently provided and differences identified and corrected. The financial statement will be reviewed more than once by management, Internal Audit and the audit committee. • Management will prepare an Information Tracking Record, update

	as disclosed in note 9 to the financial statements and the depreciation and amortisation expense of R29 169 910 (2017: R31 109 207) as disclosed in note 29 to the financial statements were necessary.		it and make sure that all outstanding information is submitted to the audit co- coordinators. • Reconciliation of the General Ledger, Assets Register and the Annual Financial Statement. • Asset register will be uploaded on the system to promote valid, accurate and complete accounting records.
88. **Consumer debtors**	89. I was unable to obtain sufficient appropriate audit evidence for consumer debtors, including the debt impairment, VAT on debtors and other related disclosures due to the status of the accounting records. I was unable to confirm these consumer debtors and debt impairment by alternative means. Consequently, I was unable to determine whether any adjustments relating to consumer debtors of R58 247 095 (2017: R44 832 650) as disclosed in note 6 and the debt impairment expense of R7 445 962 (2017: R36 052 610) as disclosed in note 28 to the financial statements were necessary.	90. Chief Financial Officer/Manager Revenue	• Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. •
91. **Inventories** 92.	93. I was unable to obtain sufficient appropriate audit evidence for inventories due to the status of the accounting records. I was unable	94. Chief Financial Officer/Manager Revenue	• Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an

	to confirm these inventories by alternative means. Consequently, I was unable to determine whether any adjustment relating to inventory of R7 020 503 as disclosed in note 2 to the financial statements was necessary.		audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators.
95. **Payables from exchange transactions** 96.	97. I was unable to obtain sufficient appropriate audit evidence for trade payables included in payments from exchange transactions due to the status of the accounting records. I was unable to confirm these payables by alternative means. In addition, accrued leave pay was calculated using the incorrect rates resulting in employee related cost and accrued leave pay being understated by R10 822 615. Consequently, I was unable to determine whether any further adjustment relating to payables from exchange transaction of R105 449 999 (2017: R97 112 278) as disclosed in note 14 to the financial statements was necessary.	98. Chief Financial Officer/ Manager Expenditure	• Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timesiouly. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. • Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co- coordinators. •
99. **VAT payable** 100.	101. The municipality did not correctly account for VAT on payables and receivables as the municipality did not maintain adequate records of VAT on payables and receivables. I was	102. Chief Financial Officer/Manager Asset	• Monthly Vat reconciliation will be done and reviewed by the CFO • Quality Annual Financial Statement will be prepared and subjected to

	unable to determine the full extent of the misstatement on the VAT payable of R1 229 377 as disclosed in note 15 to the financial statements as it was impracticable to do so.		Internal Audit and audit committee review.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

GLOSSARY

Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance	The level of performance that municipalities and its employees strive

Targets:	to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
K. MOTHOAGAE	FT	EXCO	MAYOR	99%	
T.R MOILOA	FT		SPEAKER	99%	1%
K.I MANTHOKO	PT	MPAC, RULES COMMITTEE, ASSETS COMMITTEE	CHIEF WHIP OF RULING PARTY	99%	1%
BERNARD KENOSI	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	90%	10%
SEITEBALENG RANTWA	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	90%	10%
BUTI MONAMODI	PT	COMMUNITY SERVICES& MUNICIPAL PLANNING	WARD CLLR	90%	10%
BRENDA MOOKETSI	PT	EXCO, TECHNICAL SERVICES, ASSETS COMMITTEE	WARD CLLR	99%	1%
DANNY MOABI	PT	ASSETS COMMITTEE, RULES COMMITTEE, FINANCE & CORPORATE SERVICES	WARD CLLR	99%	1%
OTUKILE MODIRWA	PT	TECHNICAL SERVICES	WARD CLLR	90%	10%
JULIUS PULE	PT	MPAC	WARD CLLR	100%	0%
LETLHOGONOLO MOTSOKWANE	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	90%	10%
UTLWANANG MORAKE	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	WARD CLLR	99%	1%
RICHARD MOGOROSI	PT	TECHNICAL SERVICES	WARD CLLR	99%	1%
LERATO SELEBOGO	PT	TECHNICAL SERVICES	WARD CLLR	90%	10%
PADI MOLEFE	PT	MPAC	WARD CLLR	100%	0%
NURSE MOLOKWANE	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	WARD CLLR	90%	10%
PATRICK MADISA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING, RULES COMMITTEE	WARD CLLR	90%	10%
ISRAEL MOLOANTOA	PT	FINANCE & CORPORATE SERVICES	WARD CLLR	90%	10%
BABU RAJAN	PT	EXCO, FINANCE & CORPORATE SERVICES, ASSETS COMMITTEE	WARD CLLR	50%	50%
LUCY MOSADI	PT	RULES COMMITTEE	WARD CLLR	99%	1%
JACOB MAFORA	PT	TECHNICAL SERVICES	WARD CLLR	90%	10%

SHIMANE THEMBO	PT	MPAC, RULES COMMITTEE, FINANCE & CORPORATE SERVICES	WARD CLLR	100%	0%
A.N NYAMANE	PT	COMMUNITY SERVICES& MUNICIPAL PLANNING, RULES COMMITTEE	PR	100%	0%
A.B. CASSANGA	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	90%	10%
S.F NGWEYE	PT	MPAC, TECHNICAL SERVICES	PR	90%	10%
C. DREYER	PT	COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	99%	1%
I.S SULIMAN	PT	MPAC, FINANCE & CORPORATE SERVICES	PR	99%	1%
B. PHEELOANE	PT	EXCO, TECHNICAL SERVICES	PR	60%	40%
M.N. TSHIKOVHI	PT	EXCO, COMMUNITY SERVICES & MUNICIPAL PLANNING	PR	90%	10%
R.S.B PHETWE	PT	MPAC	PR	40%	60%
T.N SAPALA	PT	FINANCE & CORPORATE SERVICES, RULES COMMITTEE	PR	80%	20%
L. SELEBOGO	PT	FINANCE & CORPORATE SERVICES	PR	80%	20%
N.T MOROENG	PT	TECHNICAL SERVICES, MPAC	PR	80%	20%
K.VENTER	PT	MPAC	PR	90%	10%
T.B SEBOLAO	PT		PR	90%	10%
G.S MOTSWENYANE	PT		PR	90%	10%
T.J MOREBANTWA	PT	MPAC, FINANCE & CORPORATE SERVICES	PR	100%	0%
S.I MODIBETSANE	PT	FINANCE & CORPORATE SERVICES	PR	99%	1%

*Note: * Councillors appointed on a proportional basis do not have wards allocated to them* *T A*

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
FINANCE AND CORPORATE SERVICES	
TECHNICAL SERVICES	
COMMUNITY SERVICES AND MUNICIPAL PLANNING	
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	
RULES COMMITTEE	
ASSETS COMMITTEE	
	T B

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Director/Manager (State title and name)**
Budget and Treasury Office	Kevin Kgokotli - Acting Chief Financial Officer (1 July 2017 - 30 October 2017)
	Attie Morris - Chief Financial Officer (1 Nov 2017 - 30 June 2018
Technical Services	Director - George Makaukau (1July 2017 - 30 March 2018)
	Director - Vacant (1April 2017 - 30 June 2018)
Community Services	Director - Tiro Seleka (1July 2017 - 30 March 2018)
	Director - Vacant (1April 2018 - 30 June 2018)
Corporate Services	Acting Director - Ernest Mangope (1 July 2017 - 30Sept 2017)
	Director - Bakang Selebogo (23 Oct 2017 - 30 June 2018)
Municipal Planning and LED	Director - Vacant
Internal Audit	Chief Audit Executive - Mpho Mathye
Use as a spill-over schedule if top 3 tiers cannot be accomodated in chapter 2 (T2.2.2).	*T C*

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	NO	N/A
Building regulations	NO	N/A
Child care facilities	NO	N/A
Electricity and gas reticulation	NO	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal health services	NO	N/A
Municipal public transport	NO	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	N/A
Stormwater management systems in built-up areas	YES	N/A
Trading regulations	NO	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES	N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A
Cemeteries, funeral parlours and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisances	NO	N/A
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A
Local amenities	YES	N/A
Local sport facilities	YES	N/A
Markets	NO	N/A
Municipal abattoirs	YES	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	YES	N/A
Noise pollution	NO	N/A
Pounds	NO	N/A

Public places	NO	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	NO	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A
		T D

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
01	BERNARD KENOSI	YES	12-Jan-00	12-Jan-00	12-Jan-00
02	SEITEBALENG RANTWA	YES	12-Jan-00	12-Jan-00	12-Jan-00
03	BUTI MONAMODI	YES	12-Jan-00	12-Jan-00	12-Jan-00
04	BRENDA MOOKETSI	YES	12-Jan-00	12-Jan-00	12-Jan-00
05	DANNY MOABI	YES	12-Jan-00	12-Jan-00	12-Jan-00
06	OTUKILE MODIRWA	YES	12-Jan-00	12-Jan-00	12-Jan-00
07	JULIUS PULE	YES	12-Jan-00	12-Jan-00	12-Jan-00
08	LETLHOGONOLO MOTSOKWANE	YES	12-Jan-00	12-Jan-00	12-Jan-00
09	UTLWANANG MORAKE	YES	12-Jan-00	12-Jan-00	12-Jan-00
10	RICHARD MOGOROSI	YES	12-Jan-00	12-Jan-00	12-Jan-00
11	LERATO SELEBOGO	YES	12-Jan-00	12-Jan-00	12-Jan-00
12	PADI MOLEFE	YES	12-Jan-00	12-Jan-00	12-Jan-00
13	NURSE MOLOKOANE	YES	12-Jan-00	12-Jan-00	12-Jan-00
14	PATRICK MADISA	YES	12-Jan-00	12-Jan-00	12-Jan-00
15	ISRAIL MOLOANTOA	YES	12-Jan-00	12-Jan-00	12-Jan-00
16	RESIGNED	YES	6-Jan-00	6-Jan-00	0-Jan-00
17	LUCY MOSADI	YES	12-Jan-00	12-Jan-00	12-Jan-00
18	JACOB MAFORA	YES	12-Jan-00	12-Jan-00	12-Jan-00
19	SHIMANE THEMBO	YES	12-Jan-00	12-Jan-00	12-Jan-00

APPENDIX F – WARD INFORMATION

Basic Service Provision					
Detail	**Water**	**Sanitation**	**Electricity**	**Refuse**	**Housing**
Households with minimum service delivery	0		45264		
Households without minimum service delivery	0		985		
Total Households*			46249		
Houses completed in year					
Shortfall in Housing units					
**Including informal settlements*					*T F.2*

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations					
No	**Resolution No.**	**Resolution Taken**	**Target Date**	**Responsible Official**	**Progress/Challenges/Interventions**
1.	**ARCR29:25/06/14**	Technical SDBIP for the municipality to be finalized for the municipality.	Next ARCOM Quarterly Meeting	MANCO/EM	2018/2019 Technical SDBIP is still work in progress. The Top layer SDBIP 2018/2019 to be finalized by MANCO.
2.	**ARCR 04: 25/11/2014**	The support plan to be presented as a priority to be discussed at a level of EXCO and the plan to be work in progress.	1-Aug-15	EM/AMM	The matter has been overtaken by events. Ministerial Task Team has allocated MISA team in the Province to assist the distressed municipalities including Ramotshere Moiloa Local Municipality. Service Delivery Recovery Plans are developed and presented to MEC Local Government and Minister.
3.	**ARCR 05:25/03/15**	A compliance Year Plan should be developed for the municipality.	Next ARCOM Quarterly Meeting	Manager Compliance	Compliance year plan compilation in progress and outlook will be used to capture the important dates. 2018/2019
4.	**ARC 01:20/07/15**	ARCOM resolved that the Compliance Manager should start using the Universe and the progress report has to be presented at the next ARCOM meeting	Next ARCOM Quarterly Meeting	Manager: Compliance	Compliance Universe still a work in progress.2018/2019
5.	**ARC 02:21/08/15**	ARCOM resolved that IT risk register and report must form part of the standing agenda items	Next ARCOM Meeting	Manager IT/ Manager Risk	The position of the Risk Manager position has been filled the incumbent to resume duties on the 3rd September 2018.The facilitation of the IT Risks assessment workshop and operational risks assessment for the municipality will be conducted in consultation with the IT Unit Manager and all relevant Unit

					Managers.
. 6	**ARC 02:26/10/15**	IT Risk Assessment to be completed	Next ARCOM Quarterly Meeting	Risk Manager/ICT	The position of the Risk Manager position has been filled the incumbent to resume duties on the 3rd September 2018.The facilitation of the IT Risks assessment workshop and operational risks assessment for the municipality will be conducted in consultation with the IT Unit Manager and all relevant Unit Managers.
. 7	**ARC 03:26/10/15**	Plan should be compiled between the Speaker's office and the Risk Management unit on Fraud and Anti-Corruption matters.	Next ARCOM Quarterly Meeting	Risk Manager	The Municipality is in the process of reviewing the Fraud and Anti-Corruption Strategy to be aligned with provincial Anti-Fraud and Corruption Strategy launched by the minister November 2017.Workshop has been scheduled date to be confirmed with relevant stakeholders during quarter 01 2018/2019.
. 8	**ARC 04:26/10/15**	ARCOM requested a report on the progress and activities of the Risk Management Committee	Next ARCOM Quarterly Meeting	Risk Manager/Risk Management Committee	Risk Management Committee to be established for the municipality. Risk management committee terms of reference will be developed during 2018/2019.
. 9	**ARC 05:26/10/15**	Institutional Environmental scanning on emerging risk be performed	Next ARCOM Quarterly Meeting	Risk Manager/Community Services	The position of the Risk Manager position has been filled the incumbent to resume duties on the 3rd September 2018.The facilitation of the Environmental Risks assessment workshop and operational risks assessment for the municipality will be conducted in consultation with the relevant Directors and Unit Manager

0.	1	**ARC 06:26/10/15**	Covering letter be prepared for the Litigation report and a column for amount claimed for exposure be added to the report. 2017/09 - ARCOM also advised the management not to link the person to the institution, referring to the vacancy of the position for the Legal Manager	Next ARCOM Quarterly Meeting	MM/Legal Manager	Legal Manager position still vacant .The Corporate Services is in the interim assisting the municipality with the overseeing of the functions in the interim with the assistance of the appointed panel of attorneys. The municipality is experiencing cash-flow challenges thus the position will not be filled.
1.	1	**ARC 08:26/10/15**	CAE to complete the QAR peer review and also to start reporting on the milestones of combined assurance.	Next ARCOM Quarterly Meeting	CAE	FEED has conducted RMLM functionality assessment in 2017 Internal Audit is currently implementing the FEED recommendations. SALGA has been engaged to visit the municipality for the Quality Assurance review during 2018/2019.A date to be confirmed
2.	1	**ARC 01:12/05/16**	MSCOA Project champion should prepare a proper report for the next meeting as the progress reported was not documented.	Next ARCOM Quarterly Meeting	CFO	Report has been prepared and it is ready for submission to ARCOM. Quarterly reports to be prepared.
3.	1	**ARC 02:12/05/16**	Strategic Risk Register will be finalized by the person appointed to replace the position of the Risk Manager.	Next ARCOM Quarterly Meeting	MM/Risk Manager	Management as part of their inherent responsibility have completed the Strategic Risk Register
4.	1	**ARC 04:12/05/16**	The IDP wish list to be discussed with the Mayor Manager IDP to prioritize projects and discuss them with the Mayor. IDP Manager should give feedback to communities on the prioritized projects and an annexure for prioritized project be attached to the IDP.	Next ARCOM Quarterly Meeting	MM/IDP Manager/ Manager Mayor's Office	Matter has been resolved.
5.	1	**ARC 05:12/05/16**	Cumulative reporting should be considered by the PMS manager and the municipality. Targets set are inconsistent and the PMS manager should revisit them. PMS manager should involve PA's in filling and compiling POE's PMS manager should consider developing the KPI manual.	Next ARCOM Quarterly Meeting	AMM/PMS Manager	The matter is still receiving attention. Department of Local Government Housing & Human Settlements has assessed the municipality's 2018/2019 draft SDBIP .MANCO is updating the SDBIP with the

					recommendations.
6. 1	**ARC 05: 29/10/2014**	Reviews of the Whistle blowing policy has been done by ARCOM.	Next ARCOM meeting	MANCO	Anti-fraud and prevention strategy and related policies (whistle blowing policy) will be reviewed to be aligned with the Provincial Anti-Fraud and Corruption Strategy launched by the Minister in November 2017.
7. 1	**ARC 01:21/08/15**	Report on Employees contract Management to be prepared.	Next ARCOM Meeting	Manager HR	Corporate Service to research/find a way/tool for monitoring of the Employees contracts Recruitment and selection process internal control review by the Director Corporate Services. Job evaluation process.
8. 1	**ACR 01:11/09/17**	Report on the section 71 report and its interpretation on a timely basis	Next ARCOM Meeting	CFO	Section 71 reports are generated.
9. 1	**ACR 01:13/12/17**	The detailed assessment report will be sent to the ARCOM member's mid-January after the pronunciation by the Municipal Manger to adjust the budget.	Next ARCOM Meeting	CFO	Resolved
0. 2	**ACR 02:13/12/17**	The reports to ARCOM will be required to be on the Template for Accounting Officer's report which will be circulated on to all attendees for inputs. Inputs to be submitted within 7 days.	Next ARCOM Meeting	MM	Report using the Frame work for Accounting Officer's report shared with Accounting Officer for future reporting.
1. 2	**ACR 03: 13/12/17**	Assessment of risk relating to the additional litigations.	Next ARCOM Meeting	Director Corporate Service	The Corporate Services is in the interim assisting the municipality with the overseeing of the functions in the interim with the assistance of the appointed panel of attorneys.
2. 2	**ACR 04: 13/12/17**	Asset Management Audit to be conducted focus on the Stores Item	Next ARCOM Meeting	CAE	Concluded.
3. 2	**ACR 05: 13/12/17**	Adjustment of the Internal Audit Pan based on the Risk emerging risks.	Next ARCOM Meeting	CAE	Concluded.
4. 2	**ACR 06: 13/12/17**	Orientation for Councillors	Next ARCOM Meeting	MM	Concluded.
5. 2	**ARC 07: 09/04/18**	Scheduling of special meeting with ARCOM, Mayor, EXCO and MPAC	17/04/2018	CAE	Concluded.

6.	2	**ARC 08: 09/04/18**	Review of Performance Assessment by Internal Audit and report be presented to the committee.	Next meeting	CAE	The performance assessments not yet conducted. Senior Managers 2017/18 contracts ended. No acting Senior Managers appointed. The matter is still receiving attention
7.	2	**ARC9: 09/04/18**	Request will be sent to SALGA to assist with performance evaluation. Performance Evaluation to form part of the agenda for the next ARCOM meeting		MM	Ongoing- The matter is still receiving attention

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Mosire Tsiane Attorneys	Appointment of A Panel Of Attorneys to Render Various Specialized Legal Services	01 August 2016	01 August 2019	CFO	As and when service is required
Tipublox (Pty) ltd	Supply and Delivery of Diesel, Petrol and oil For a period of 24 Months	02 March 2017	02 March 2019	CFO	As regulated by the Department of Minerals and Energy
Amaka Group (Pty) Ltd	Supply, Install and Maintain Printing machines On Rental basis for a period of 36 Months.	26 October 2016	06 October 2020	CFO	R 3 754 890.00 incl
Lateral Unison Insurance Brokers (PTY) Ltd	Provision of insurance service for a three year (3) contract renewable annually	27 July 2017	26 July 2020	CFO	As and when service is required
Total Computer Service	Supply and implimentation of Traffic Contavention management system for Ramotshere Moiloa Local Municipality	01 July 2016	30 June 2019	Unit Manager Public Safety	R 155 805.33
Otis (proprietary limited) limited	Servicing and Maintainance of the lift	01 November 2014	30 November 2019	Unit Manager Security Services	R2111.01
Tshireletso Professional Services	Provision of Security Services to the municipality at large	01 April 2017	01 April 2020	CFO	R794 999.52 P/M
Contour Technology (Pty)Ltd	Supply and delivery of Revenue Management system that facilitates the management of customers and their associated vending transactions for the municipality.	17 February 2017	16 February 2020	CFO	4.56% of all sales or payment
P K Financial Consultants	VAT Review	08 November 2017	07 November 2020	CFO	12.5% (inclusive of VAT) of recored sum
OS Holdings	Provision and support with mSCOA implementation plan	01 October 2016	30 September 2019	CFO	R 11 670 746.00
Ignplan Consulting Engineers	Professional Engineering Service for planning design and construction of 230 Household in Kruisrevier phase 2, 72 Households in Hendryville, 496 Households in Ikageleng phase 1 and two feeder lines both from substation.	29 September 2017	28 September 2019	Electrical Manager	R11 489 859.36 including VAT and contingencies

Activa Valuation Services (PTY) Ltd	Compilation of valuation roll period: 2019/2020 to 2023/2024	24 May 2018	30 June 2024	CFO	R1 167 046 .00
Activa Valuation Services (PTY) Ltd	Compilation of Supplementary Valuation roll from appointment	23 January 2018	30 June 2019	CFO	In terms of Greater Taung Local Municipal Contract (VAT inclusive)
Mosokhumo Trading and Service (PTY)LTD	Supply and delivery of protective clothing for municipal workers for a period of three years.	29 June 2018	29 June 2021	Unit Manager Human Resorce Management	
Telemaster	Telephone communications Telephonenes	On Going	On going	Unit Manager Human Resorce Management	Consumption based R45856.74/as per itemised billing

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	PK Mothoagae	N/A
Member of MayCo / Exco	TR Moiloa	N/A
	AN Nyamane	N/A
	B Mooketsi	N/A
	B Pheeloane	N/A
	MF Rajan	Pro Service Towing and Motor Vehicle Repairs
	MN Tshikovhi	N/A
Councillor	AB Casanga	D K Trading
	OP Modirwa	Modirwa Building & Electrical and Dinokana Gopane Slate
	KV Jacobs	Lak Procurement Stationery
	Imaan Sayed Suliman	Phatsima Trading recycling Pty ;Ltd
	KB Kenosi	By Knowledge
Acting Municipal Manager	BG Selebogo	N/A
Chief Financial Officer	RA Morris	N/A
Deputy MM and (Executive) Directors	N/A	N/A
Other S57 Officials		

** Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A*
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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source

R '000

Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	26 678	44 069	46 525	34 942	7%	2%
Service Charges - electricity revenue	51 693	70 958	49 075	51 745	-43%	1%
Service Charges - water revenue	7 329	15 480	16 878	8 882	-72%	-87%
Service Charges - sanitation revenue	2 192	7 262	5 979	2 401	-202%	-149%
Service Charges - refuse revenue	6 725	11 024	10 121	7 038	-56%	-44%
Rentals of facilities and equipment	295	367	138	142	-159%	3%
Interest earned - external investments	656	910	910	1 876	-3%	-3%
Fines	3 965	602	600	5 575	89%	89%
Licences and permits	3 432	11 201	11 201	1 100	-918%	-918%
Fair Value Adjustment	16	–	–			
Transfers recognised - operational	168 003	142 025	142 025	142 307	22%	22%
Other revenue	1 852	13 891	13 635	3 345	-517%	-506%
Total Revenue (excluding capital transfers and contributions)	**272 836**	**317 788**	**297 088**	**258 853**	**-2,95%**	**3,76%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4. *T K.2*

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Sports, Arts & Culture					
"Borakalalo Sorts Facility"	7274000	7274000	7274000	0%	0-Jan-00
Electricity					
KRUISRIVIER PH 2	3190000	3190000	3190000	0%	0%
HENRYVILLE PH1	899000	899000	899000	0%	0%
KRUISRIVIER FEEDER LINE	2000000	2000000	2000000	0%	0%
FINALISATION OF ZWITCHING STATION	589000	589000	589000	0%	0%
					T N

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Not Apllicable

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Not Apllicable

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Not Apllicable

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

There were no loans made

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

VOLUME II

Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2018

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipality
Mayor	Cllr P.K Mothoagae
Speaker	Cllr T.R Moiloa
Executive Council	Cllr B Mooketsi (Technical Services)
	Cllr A.N Nyamane (LED and Planning)
	Cllr M.F Rajan (Corporate Services and Finance)
	Cllr P.K Mothoagae (Chairperson)
	Cllr B Pheloane
	Cllr M.N Tshikovhi
Councillors	Cllr K.I Manthoko
	Cllr B Kenosi
	Cllr S Rantwa
	Cllr B Monamodi
	Cllr D Moabi
	Cllr O Modirwa
	Cllr J Pule
	Cllr L Motsokwane
	Cllr U Morake
	Cllr R Mogorosi
	Cllr L Selebogo
	Cllr P Molefe
	Cllr N Molokwane
	Cllr P Madisa
	Cllr I Moloantoa
	Cllr L Mosadi
	Cllr J Mafora
	Cllr S Thembo
	Cllr T.J Morebantwa
	Cllr A.B Cassanga
	Cllr S.F Ngweye
	Cllr S.I Modibetsane
	Cllr C Dreyer
	Cllr I.S Suliman
	Cllr T.N Sapala
	Cllr M.N Motladile
	Cllr R.S.B Phetwe
	Cllr L Selebogo
	Cllr N.T Moroeng
	Cllr K Venter
	Cllr G.S Motswenyane
	Cllr T.B Sebolao
Grading of local authority	3
Accounting Officer	R.T Phakalane
Chief Finance Officer	R.A Morris

General Information

Business address	C/o President & Coetzee Street Zeerust 2865
Postal address	P O Box 92 Zeerust 2865
Bankers	First National Bank
Auditors	Auditor General South Africa
Website	www.ramotshere.gov.za

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2018

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The reports and statements set out below comprise the annual financial statements presented to the Council and the provincial legislature:

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Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed on its behalf by:

B.G. SELEBOGO
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

The municipality main business is the provision of services to the community in line with Part B of Schedule 4 and Part B of Schedule 5 of the Constitution. The municipality provides services in Zeerust, Lehurutse and Groot Marico.

Net surplus of the municipality is R 13,992,537 (2017: deficit R 39,562,956).

2. Going concern

The annual financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The municipality was placed under administration from 01 September 2018 in terms of Section 139 (1)(b) of the Constitution.

4. Accounting policies

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 2003 (Act N0. 56 of 2003) (MFMA) and the Division of Act South Africa (Act No 2 of 2013) (DoRA).

The annual financial statements are prepared in accordance with the Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
M.I Matthews	South African	13 July 2017 - 23 November 2017
S.A Adroos	South African	23 November 2017 - 02 April 2018
R.T Phakalane	South African	15 April 2018 - 30 June 2018
B.G Selebogo	South African	01 August 2018 to date

Accounting Officer's Report

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all his activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

Audit and risk committee

The Audit Committee has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee, consisting of independent outside members, has met at least four times per annum as per its approved terms of reference, although additional special meetings were held.

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timeously.

The AC is of the opinion that municipality's risk management appears to be ineffective for the better of the year and material respect, and the municipality did implement a comprehensive risk management strategy and related policies.

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

Ramotshere Moiloa Local Municipality
Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

	Note(s)	2018 R	2017 Restated* R
Assets			
Current Assets			
Inventories	2	7,020,503	7,893,602
Other financial assets	3	2,325,089	2,111,750
Receivables from exchange transactions	4	698,072	670,313
Receivables from non-exchange transactions	5	11,542,020	6,765,865
Consumer debtors	6	58,247,095	44,832,650
Cash and cash equivalents	7	14,651,208	2,034,746
		94,483,987	**64,308,926**
Non-Current Assets			
Investment property	8	53,836,358	54,972,872
Property, plant and equipment	9	581,584,006	578,223,324
Intangible assets	10	1,636,043	1,967,100
Heritage assets	11	404,550	404,550
		637,460,957	**635,567,846**
Total Assets		**731,944,944**	**699,876,772**
Liabilities			
Current Liabilities			
Other financial liabilities	12	2,981,233	1,566,890
Finance lease obligation	13	1,798,136	2,807,788
Payables from exchange transactions	14	105,449,999	97,112,278
VAT payable	15	1,229,377	1,461,039
Consumer deposits	16	1,994,904	1,859,033
Employee benefit obligation	17	1,017,714	1,008,000
Unspent conditional grants and receipts	18	3,412,376	2,203,504
Provisions	19	-	586,505
		117,883,739	**108,605,037**
Non-Current Liabilities			
Other financial liabilities	12	2,956,391	3,718,455
Employee benefit obligation	17	37,213,000	42,118,000
Provisions	19	45,025,000	30,561,000
		85,194,391	**76,397,455**
Total Liabilities		**203,078,130**	**185,002,492**
Net Assets		**528,866,814**	**514,874,280**
Accumulated surplus		528,866,814	514,874,280

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

	Note(s)	2018 R	2017 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	20	70,065,993	67,985,005
Sale of land		169,650	67,760
Rental of facilities and equipment	21	141,745	305,459
Licences and permits		1,100,121	2,778,840
Miscellaneous other revenue		2,675,920	1,692,097
Interest received - investment	22	1,875,591	613,420
Fair value adjustments		-	8,521
Total revenue from exchange transactions		**76,029,020**	**73,451,102**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	34,942,215	40,473,071
Transfer revenue			
Government grants & subsidies	24	181,620,194	168,002,587
Fines, Penalties and Forfeits		5,575,164	4,994,929
Total revenue from non-exchange transactions		**222,137,573**	**213,470,587**
Total revenue	25	**298,166,593**	**286,921,689**
Expenditure			
Bulk purchases	26	(45,244,172)	(42,860,444)
Contracted services	27	(9,359,401)	(6,872,066)
Debt Impairment	28	(7,445,962)	(36,052,610)
Depreciation and amortisation	29	(29,169,910)	(31,109,207)
Employee related costs	30	(106,894,854)	(123,792,688)
Finance costs	31	(10,001,226)	(7,334,313)
Lease rentals on operating lease		(583,443)	(639,090)
Remuneration of councillors	32	(12,555,237)	(9,617,716)
Impairment loss/ Reversal of impairments		-	(2,333,318)
Repairs and maintenance		(3,325,017)	(6,275,635)
Loss on disposal of assets and liabilities		(2,577,553)	(588,847)
General Expenses	33	(57,017,281)	(59,008,711)
Total expenditure		**(284,174,056)**	**(326,484,645)**
Surplus (deficit) for the year		**13,992,537**	**(39,562,956)**

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2016	**554,437,236**	**554,437,236**
Changes in net assets		
Surplus for the year	(39,562,956)	(39,562,956)
Total changes	(39,562,956)	(39,562,956)
Opening balance as previously reported	543,392,008	543,392,008
Adjustments		
Prior year adjustments	(28,517,731)	(28,517,731)
Restated balance at 01 July 2017	**514,874,277**	**514,874,277**
Changes in net assets		
Surplus for the year	13,992,537	13,992,537
Total changes	13,992,537	13,992,537
Balance at 30 June 2018	**528,866,814**	**528,866,814**

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

	Note(s)	2018 R	2017 Restated* R
Cash flows from operating activities			
Receipts			
Service charges & rates		81,443,044	76,946,647
Grants		182,829,066	168,429,493
Interest income		1,875,591	613,420
Other receipts		4,887,522	5,648,401
		271,035,223	251,637,961
Payments			
Employee costs		(134,860,920)	(131,676,802)
Suppliers		(85,384,255)	(78,263,292)
Finance costs		(5,286,226)	(3,348,313)
VAT payments		-	(6,249,865)
		(225,531,401)	(219,538,272)
Net cash flows from operating activities	35	**45,503,822**	**32,099,689**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(33,593,946)	(37,732,998)
Proceeds from sale of property, plant and equipment	9	-	42,774
Proceeds from sale of investment property	8	1,052,631	-
Purchase of other intangible assets	10	(124,543)	(1,258,943)
Net movements in financial assets		-	172
Net cash flows from investing activities		**(32,665,858)**	**(38,948,995)**
Cash flows from financing activities			
Repayment of long term liabilities		652,279	(860,847)
Finance lease payments		(1,009,652)	2,807,788
Consumer deposits		135,871	182,978
Net cash flows from financing activities		**(221,502)**	**2,129,919**
Net increase/(decrease) in cash and cash equivalents		**12,616,462**	**(4,719,387)**
Cash and cash equivalents at the beginning of the year		2,034,746	6,754,133
Cash and cash equivalents at the end of the year	7	**14,651,208**	**2,034,746**

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	104,723,451	(22,669,902)	**82,053,549**	70,065,993	**(11,987,556)**	50.1
Sale of land	-	-	-	169,650	**169,650**	
Rental of facilities and equipment	366,931	(228,731)	**138,200**	141,745	**3,545**	
Licences and permits	11,201,040	-	**11,201,040**	1,100,121	**(10,100,919)**	50.2
Miscellaneous other revenue	13,891,015	(255,824)	**13,635,191**	2,675,920	**(10,959,271)**	50.3
Interest received - investment	910,000	-	**910,000**	1,875,591	**965,591**	50.4
Total revenue from exchange transactions	**131,092,437**	**(23,154,457)**	**107,937,980**	**76,029,020**	**(31,908,960)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	44,069,375	2,455,598	**46,524,973**	34,942,215	**(11,582,758)**	50.5
Transfer revenue						
Government grants & subsidies	202,058,000	(8,400,000)	**193,658,000**	181,620,194	**(12,037,806)**	50.6
Fines, Penalties and Forfeits	601,500	(1,500)	**600,000**	5,575,164	**4,975,164**	50.7
Total revenue from non-exchange transactions	**246,728,875**	**(5,945,902)**	**240,782,973**	**222,137,573**	**(18,645,400)**	
Total revenue	**377,821,312**	**(29,100,359)**	**348,720,953**	**298,166,593**	**(50,554,360)**	
Expenditure						
Employee Related Costs	(120,699,293)	(602,337)	**(121,301,630)**	(106,894,854)	**14,406,776**	50.8
Remuneration of councillors	(13,724,507)	(1,182,479)	**(14,906,986)**	(12,555,237)	**2,351,749**	
Depreciation and amortisation	(30,000,000)	1,325,025	**(28,674,975)**	(29,169,910)	**(494,935)**	
Finance costs	(580,000)	130,000	**(450,000)**	(10,001,226)	**(9,551,226)**	50.9
Debt impairment	(22,500,000)	2,500,000	**(20,000,000)**	(7,445,962)	**12,554,038**	50.10
Bulk purchases	(40,800,000)	(100,000)	**(40,900,000)**	(45,244,172)	**(4,344,172)**	50.11
Contracted Services	(6,500,000)	(9,849,996)	**(16,349,996)**	(9,359,401)	**6,990,595**	50.12
Transfers and Subsidies	(1,091,000)	1,091,000	-	-	-	
Other materials	(12,202,960)	3,773,256	**(8,429,704)**	-	**8,429,704**	
Sale of goods/Inventory	-	-	-	-	-	
General Expenses	(63,536,700)	21,535,094	**(42,001,606)**	(60,925,741)	**(18,924,135)**	50.13
Total expenditure	**(311,634,460)**	**18,619,563**	**(293,014,897)**	**(281,596,503)**	**11,418,394**	
Operating surplus	**66,186,852**	**(10,480,796)**	**55,706,056**	**16,570,090**	**(39,135,966)**	
Loss on disposal of assets and liabilities	-	-	-	(2,577,553)	**(2,577,553)**	50.14
Surplus before taxation	**66,186,852**	**(10,480,796)**	**55,706,056**	**13,992,537**	**(41,713,519)**	
Surplus/(Deficit)	**66,186,852**	**(10,480,796)**	**55,706,056**	**13,992,537**	**(41,713,519)**	

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2018											
Financial Performance											
Property rates	44,069,375	2,455,598	46,524,973	-		46,524,973	34,942,215		(11,582,758)	75 %	79 %
Service charges	104,723,451	(22,669,902)	82,053,549	-		82,053,549	70,065,993		(11,987,556)	85 %	67 %
Investment revenue	910,000	-	910,000	-		910,000	1,875,591		965,591	206 %	206 %
Transfers recognised - operational	142,025,000	-	142,025,000	-		142,025,000	142,307,000		282,000	100 %	100 %
Other own revenue	26,060,486	(486,055)	25,574,431	-		25,574,431	9,662,600		(15,911,831)	38 %	37 %
Total revenue (excluding capital transfers and contributions)	**317,788,312**	**(20,700,359)**	**297,087,953**	-		**297,087,953**	**258,853,399**		**(38,234,554)**	**87 %**	**81 %**
Employee costs	(120,699,293)	(602,337)	(121,301,630)	-	-	(121,301,630)	(106,894,854)	-	14,406,776	88 %	89 %
Remuneration of councillors	(13,724,507)	(1,182,479)	(14,906,986)	-	-	(14,906,986)	(12,555,237)	-	2,351,749	84 %	91 %
Debt impairment	(22,500,000)	2,500,000	(20,000,000)			(20,000,000)	(7,445,962)	-	12,554,038	37 %	33 %
Depreciation and asset impairment	(30,000,000)	1,325,025	(28,674,975)			(28,674,975)	(29,169,910)	-	(494,935)	102 %	97 %
Finance charges	(580,000)	130,000	(450,000)	-	-	(450,000)	(10,001,226)	-	(9,551,226)	2,222 %	1,724 %
Materials and bulk purchases	(53,002,962)	3,673,256	(49,329,706)	-	-	(49,329,706)	(45,244,172)	-	4,085,534	92 %	85 %
Transfers and grants	(1,091,000)	1,091,000	-	-	-	-	-	-	-	DIV/0 %	- %
Other expenditure	(70,036,698)	11,685,098	(58,351,600)	-	-	(58,351,600)	(72,862,695)	-	(14,511,095)	125 %	104 %
Total expenditure	**(311,634,460)**	**18,619,563**	**(293,014,897)**	-	-	**(293,014,897)**	**(284,174,056)**	-	**8,840,841**	**97 %**	**91 %**
Surplus/(Deficit)	**6,153,852**	**(2,080,796)**	**4,073,056**	-		**4,073,056**	**(25,320,657)**		**(29,393,713)**	**(622)%**	**(411)%**

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	60,033,000	(8,400,000)	51,633,000	-		51,633,000	39,313,194		(12,319,806)	76 %	65 %
Surplus (Deficit) after capital transfers and contributions	**66,186,852**	**(10,480,796)**	**55,706,056**	**-**		**55,706,056**	**13,992,537**		**(41,713,519)**	**25 %**	**21 %**
Surplus/(Deficit) for the year	**66,186,852**	**(10,480,796)**	**55,706,056**	**-**		**55,706,056**	**13,992,537**		**(41,713,519)**	**25 %**	**21 %**
Capital expenditure and funds sources											
Total capital expenditure	-	-	-	-		-	126,727		126,727	DIV/0 %	DIV/0 %

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revisions affects only that period of the revision and future periods if the revision affects both the current and future periods. The nature and reasons of the uncertainty, judgement made and the impact to the amounts presented in the financial statements are disclosed in the notes to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values of assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

The municipality reviews residual values of assets to determine if there is a change in the amount that the municipality would obtain from disposal of the asset, after deducting the estimated costs of disposal, if that asset was already of the age and condition expected at the end of its useful life.

Post retirement benefits

The present value of the post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Accounting Policies

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	20 - 100 years
Plant and machinery	Straight line	3 - 10 years
Furniture and fixtures	Straight line	3 - 10 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	3 - 10 years
Computer equipment	Straight line	3 - 10 years
Infrastructure	Straight line	20 - 100 years
Community	Straight line	20 - 100 years
Other property, plant and equipment	Straight line	3 - 10 years
Roads & stormwater assets	Straight line	20 - 100 years
Electricity assets	Straight line	20 - 100 years
Other assets	Straight line	3 - 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate unless expectations differ from previous estimates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Accounting Policies

1.6 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Accounting Policies

1.7 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that the asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

Transitional provision

The municipality changed its accounting policy for heritage assets in 2018. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

1.8 Interest in joint ventures

An interest in a joint venture is carried in accordance with the Standard of GRAP on Financial instruments.

The municipality applies the same accounting for each category of investment.

Surpluses and deficits resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The municipality's share of surpluses or deficits, resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interest in jointly controlled assets, the municipality recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate annual financial statements when its right to receive the dividend or similar distribution is established.

Accounting Policies

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Classification

The municipality has the following types of financial assets and liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Financial instruments at amortised cost;
- Financial instruments cost; and
- Financial instruments at fair value.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

Accounting Policies

1.9 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Impairment loss is recognised against an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed against an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

Accounting Policies

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

The municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The municipality will not incur a finance lease liability other than that allowed by the MFMA Act (Act 56 of 2003).

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Accounting Policies

1.11 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Unsold properties are measured at the lower of cost and net realisable value. Cost is primarily determined by reference to the valuation roll or total cost of servicing the land such as direct costs and portion of overhead costs that relates to the development.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Accounting Policies

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The municipality and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds ona regular basis as per the requirements of the various funds. Current contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The municipality provides certain post retirement medical benefits by funding the medical aid contributions for retired members of the municipality. According to the rules of the medical aid fund associated with the municipality, when a member who joined the municipality under the current conditions of service retires, she/he is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These funds are classified as defined benefit plans. The cost of providing the benefits is determined using the projected unit credit method prescibed by IAS 19. Future benefit values are projected using specific assumptions, and the liability for in service members is accrued over the expected lifetime. No plan assets exist and any actuarial gains or losses are recognised immediately.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Current service costs and interest costs are recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The curret service costs include the expense for the benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefit expense in the statement of financial performance.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Accounting Policies

1.15 Employee benefits (continued)

Other long term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

Illegal dumping: The municipality has an obligation to rehabilitate any contaminated land through illegal dumping. A provision has been established and recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

Landfill sites: The municipality has an obligation to rehabilitate its landfill sites in terms of its licensing stipulations. A provision has been established from 2008/9. The amount of the provision is recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges relating to electricity, water and sanitation are based on consumption. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimated consumptions are made monthly when meters have not been read. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Income from agency services: Income from agency services is recognised on a monthly basis once the income collected/received on behalf of agents has been quantified. The income is recognised in terms of the agency agreement.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Government grants and subsidies

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance wiith any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available, which in most cases is on receipt.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.19 Value Added Tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate of 14% in terms of section 7(1)(a) of the VAT Act in respect of supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.20 Prepaid electricity

Revenue from the sale of electricity using pre-paid meter cards is recognised based on consumption.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

Where accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

Accounting Policies

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Accounting Policies

1.27 Related parties (continued)

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Budget information

Variances between budget and actual are regarded as material when there is a variance of:

- 10% in the statement of financial position, statement of financial performance and the cash flow statement.
- 5% in capital expenditure.

1.30 Services in kind

The municipality does not recognise services in kind as revenue or assets, but are disclosed as a note to the annual financial statements.

Notes to the Annual Financial Statements

	2018 R	2017 R
2. Inventories		
Consumable stores	7,020,503	7,893,602
3. Other financial assets		
Designated at fair value		
Listed Fund -Sanlam	2,325,089	2,111,750
Current assets		
Designated at fair value	2,325,089	2,111,750
4. Receivables from exchange transactions		
Third party vendors	698,072	670,313

Third party vendors

The municipality introduced a new system in the prior year whereby customers can purchase electricity through third party vendors, the money from the customers is received by Conlog whom in turn pay over to the municipality.

5. Receivables from non-exchange transactions		
Fines	5,330,109	555,031
Levies	44,721	44,721
Sundry debtors	2,053,591	2,052,514
Sale of land debtors	4,113,599	4,113,599
	11,542,020	**6,765,865**
6. Consumer debtors		
Gross balances		
Rates	46,493,937	50,554,777
Electricity	36,869,919	30,077,785
Water and sanitation	85,089,309	69,414,253
Refuse and other	13,326,190	10,872,133
	181,779,355	**160,918,948**
Less: Allowance for impairment		
Rates	(31,595,896)	(31,884,079)
Electricity	(25,055,700)	(18,194,639)
Water and sanitation	(57,824,163)	(58,651,677)
Refuse and other	(9,056,501)	(7,355,903)
	(123,532,260)	**(116,086,298)**
Net balance		
Rates	14,898,041	18,670,698
Electricity	11,814,219	11,883,146
Water and sanitation	27,265,146	10,762,576
Refuse and other	4,269,689	3,516,230
	58,247,095	**44,832,650**

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
6. Consumer debtors (continued)		
Rates		
Current (0 -30 days)	537,812	571,075
31 - 60 days	445,283	472,823
61 - 90 days	384,579	408,365
91 - 120 days	367,321	390,040
121 - 365 days	347,212	368,687
> 365 days	13,190,196	14,006,003
	15,272,403	**16,216,993**
Electricity		
Current (0 -30 days)	426,488	452,866
31 - 60 days	353,111	374,951
61 - 90 days	304,973	323,835
91 - 120 days	291,288	309,304
121 - 365 days	275,341	292,371
> 365 days	10,459,889	11,106,828
	12,111,090	**12,860,155**
Water and Sanitation		
Current (0 -30 days)	154,158	1,045,134
31 - 60 days	814,919	865,321
61 - 90 days	703,824	747,355
91 - 120 days	672,242	713,820
121 - 365 days	635,439	674,740
> 365 days	24,139,590	25,632,612
	27,120,172	**29,678,982**
Refuse and other		
Current (0 -30 days)	154,158	163,693
31 - 60 days	127,638	135,532
61 - 90 days	110,238	117,056
91 - 120 days	105,291	111,803
121 - 365 days	99,525	105,682
> 365 days	3,780,911	4,014,759
	4,377,761	**4,648,525**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(116,086,297)	(116,086,297)
Contributions to allowance	(7,445,963)	-
	(123,532,260)	**(116,086,297)**
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	225,922	375,672
Bank balances	2,956,769	1,188,548
Short-term deposits	11,468,517	470,526
	14,651,208	**2,034,746**

Notes to the Annual Financial Statements

	2018 R	2017 R

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
FNB - cheque account 62063144431	2,554,343	844,744	1,711,983	2,554,343	844,744	1,711,983
FNB - cheque account 54351140693	232,508	56,452	373,795	232,508	56,452	373,795
FNB - cheque account 62200495960	8,667	90,443	154,020	8,668	90,443	154,020
FNB - cheque account 62224998023	161,251	196,909	1,994,519	161,251	196,909	1,994,519
Total	**2,956,769**	**1,188,548**	**4,234,317**	**2,956,770**	**1,188,548**	**4,234,317**

8. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	56,253,235	(2,416,877)	53,836,358	57,211,685	(2,238,813)	54,972,872

Reconciliation of investment property - 2018

	Opening balance	Disposals	Depreciation	Total
Investment property	54,972,872	(1,052,631)	(83,882)	53,836,359

Reconciliation of investment property - 2017

	Opening balance	Disposals	Depreciation	Total
Investment property	55,333,529	(276,775)	(83,882)	54,972,872

The municipality entered into a joint arrangement with ABSA Bank for the construction of a building for leasing purposes. The terms of the arrangement were as follows:

- The municipality contributed a piece of land, which was valued at R700,000 whilst ABSA contributed R6 300 000 for the construction of building.
- The municipality's contribution was deemed to be worth 10% and ABSA 90%.
- On completion of the building, ABSA occupied the building and leased additional rental space.
- Building operating costs are deducted from the rental income.
- ABSA is responsible for management of the building and in return compensated with 5% of rental income plus a management fee which will be agreed between the parties.
- The residue is shared in terms of the venturers' contribution.

In terms of GRAP 8 (Interest in Joint Ventures), the municipality's component/share of the building was recognised as Investment property. The nature of this jointly controlled asset is investment property as it is leased to tenants and the municipality earns rentals from it.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

	2018 R	2017 R

9. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,356,150	-	17,356,150	17,356,150	-	17,356,150
Buildings	66,086,644	(47,392,339)	18,694,305	67,555,049	(45,376,011)	22,179,038
Plant and machinery	900,155	(795,477)	104,678	881,555	(686,405)	195,150
Furniture and fixtures	475,809	(404,065)	71,744	475,779	(340,990)	134,789
Motor vehicles	12,652,072	(10,315,452)	2,336,620	12,652,677	(8,482,991)	4,169,686
Office equipment	669,080	(253,340)	415,740	334,941	(208,407)	126,534
Computer equipment	4,860,221	(1,665,258)	3,194,963	2,219,058	(865,863)	1,353,195
Community	110,165,491	(65,533,012)	44,632,479	109,740,491	(61,547,341)	48,193,150
Servitudes/road reserves	13,011,798	-	13,011,798	13,011,798	-	13,011,798
Work in progress	59,654,471	426,256	60,080,727	43,199,721	442,040	43,641,761
Landfill site	12,488,000	(2,840,921)	9,647,079	12,488,000	(2,840,921)	9,647,079
Roads & stormwater assets	635,161,008	(267,692,569)	367,468,439	625,016,998	(253,818,484)	371,198,514
Electricity assets	71,881,283	(30,735,613)	41,145,670	71,881,283	(28,986,279)	42,895,004
Wastewater network	2,184	-	2,184	2,184	-	2,184
Finance leased assets	2,823,539	(411,766)	2,411,773	2,823,539	(411,766)	2,411,773
Other assets	5,311,861	(4,302,204)	1,009,657	5,311,861	(3,604,342)	1,707,519
Total	**1,013,499,766**	**(431,915,760)**	**581,584,006**	**984,951,084**	**(406,727,760)**	**578,223,324**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Total
Land	17,356,150	-	-	-	-	-	-	17,356,150
Buildings	22,179,038	-	(557,994)	-	-	-	(2,926,739)	18,694,305
Plant and machinery	195,150	18,600	-	-	-	-	(109,072)	104,678
Furniture and fixtures	134,789	-	-	-	-	-	(63,045)	71,744
Motor vehicles	4,169,686	-	-	-	-	-	(1,833,066)	2,336,620
Office equipment	126,534	334,625	-	-	-	-	(45,419)	415,740
Computer equipment	1,353,195	2,641,163	-	-	-	-	(799,395)	3,194,963
Community	48,193,151	425,000	-	-	-	-	(3,985,672)	44,632,479
Servitudes/road reserve	13,011,798	-	-	-	-	-	-	13,011,798
Work in progress	43,641,761	32,575,021	-	-	(19,250,239)	3,114,184	-	60,080,727
Landfill site	9,647,079	-	-	-	-	-	-	9,647,079
Roads & stormwater assets	371,198,514	-	(2,019,559)	14,740,519	-	-	(16,451,035)	367,468,439
Electricity assets	42,895,004	-	-	-	-	-	(1,749,334)	41,145,670
Wastewater network	2,184	-	-	-	-	-	-	2,184
Finance leased assets	2,411,773	-	-	-	-	-	-	2,411,773
Other assets	1,723,304	-	-	-	-	-	(713,647)	1,009,657
	578,239,110	**35,994,409**	**(2,577,553)**	**14,740,519**	**(19,250,239)**	**3,114,184**	**(28,676,424)**	**581,584,006**

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other movements	Depreciation	Impairment loss	Total
Land	17,356,150	-	-	-	-	-	-	17,356,150
Buildings	28,112,347	-	-	-	-	(3,602,058)	(2,331,251)	22,179,038
Plant and machinery	260,043	-	-	-	-	(64,893)	-	195,150
Furniture and fixtures	181,840	-	-	-	-	(47,051)	-	134,789
Motor vehicles	5,694,261	-	(17,055)	-	-	(1,507,520)	-	4,169,686
Office equipment	162,771	22,060	-	-	-	(58,297)	-	126,534
Computer equipment	1,008,178	683,855	(7,409)	-	-	(331,429)	-	1,353,195
Community	51,949,862	-	-	528,500	-	(4,285,211)	-	48,193,151
Servitudes/road reserve	13,011,798	-	-	-	-	-	-	13,011,798
Work in progress	24,769,796	34,103,589	-	(15,231,624)	-	-	-	43,641,761
Landfill site	9,647,079	-	-	-	-	-	-	9,647,079
Roads & stormwater assets	372,005,946	-	(2,278,816)	14,703,124	4,084,720	(17,316,460)	-	371,198,514
Electricity assets	44,795,371	-	(1,900,367)	-	-	-	-	42,895,004
Wastewater network	2,184	-	-	-	-	-	-	2,184
Finance leased assets	-	2,411,773	-	-	-	-	-	2,411,773
Other assets	1,724,925	-	-	-	-	(1,621)	-	1,723,304
	570,682,551	**37,221,277**	**(4,203,647)**	**-**	**4,084,720**	**(27,214,540)**	**(2,331,251)**	**578,239,110**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

	2018 R	2017 R

10. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,091,643	(455,600)	1,636,043	1,967,100	-	1,967,100

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1,967,100	124,543	(455,600)	1,636,043

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Total
Computer software	144,700	1,822,400	1,967,100

11. Heritage assets

	2018			2017		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Other	404,550	-	404,550	404,550	-	404,550

Reconciliation of heritage assets 2018

	Opening balance	Total
Other	404,550	404,550

Reconciliation of heritage assets 2017

	Opening balance	Total
Other	404,550	404,550

Notes to the Annual Financial Statements

	2018 R	2017 R
12. Long-term liabilities		
At amortised cost		
DBSA Loan 100121/3	901,992	901,992
The loan has a fixed interest rate of 15.15% per annum and is repayable in 30 equal half-yearly instalments. The loan period is 15 years and redemption date is 30 June 2019.		
DBSA Loan 102400/1	1,187,822	1,949,886
The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.		
DBSA Loan 100702/1	866,577	866,577
The loan has a fixed interest rate of 11.73% per annum and is repayable in 40 equal half-yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.		
Short term portion of long term loans	2,981,233	1,566,890
	5,937,624	**5,285,345**
Total other financial liabilities	**5,937,624**	**5,285,345**
Non-current liabilities		
At amortised cost	2,956,391	3,718,455
Current liabilities		
At amortised cost	2,981,233	1,566,890
13. Finance lease obligation		
Minimum lease payments due		
- within one year	1,226,606	1,250,891
- in second to fifth year inclusive	812,737	1,954,518
	2,039,343	3,205,409
less: future finance charges	(241,208)	(397,621)
Present value of minimum lease payments	**1,798,135**	**2,807,788**
Present value of minimum lease payments due		
- within one year	1,118,143	1,009,652
- in second to fifth year inclusive	679,992	1,798,136
	1,798,135	**2,807,788**
14. Payables from exchange transactions		
Trade payables	67,374,036	51,361,233
Payments received in advance	501,709	501,708
Accrued leave pay	1,558,403	11,477,727
13th cheque	6,019,442	3,000,790
Payable clearing	72,202	81,437
Other payables	7,436,322	6,741,601
Retentions	4,974,777	5,105,684
Consumer debtors unknown	7,463,057	3,493,698
Debtors with credit balances	10,050,051	15,348,400
	105,449,999	**97,112,278**

Notes to the Annual Financial Statements

	2018 R	2017 R

15. VAT payable

Net balance	1,229,377	1,461,039

The municipality is registered for VAT on a payments basis.

16. Consumer deposits

Electricity	1,339,716	1,268,359
Water	655,188	590,674
	1,994,904	**1,859,033**

17. Employee benefit obligations

Defined contribution plan

The municipality has a policy to subsidise post-employment health care costs of employees that belonged to medical scheme on their retirement. The subsidy covers the employee as well as the spouse or dependent.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	38,230,714	43,126,000
Non-current liabilities	37,213,000	42,118,000
Current liabilities	1,017,714	1,008,000
	38,230,714	**43,126,000**

The municipality has no further obligation to cover unfunded benefits.

Net expense recognised in the statement of financial performance

Current service cost	2,821,000	2,682,000
Interest cost	4,715,000	3,986,000
Actuarial (gains) losses	(11,551,700)	(3,092,000)
Settlement	(889,300)	(744,000)
	(4,905,000)	**2,832,000**

Valuation method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Post-employment Medical Aid Liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

Notes to the Annual Financial Statements

	2018 R	2017 R

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Library Grant	500,000	500,000
LGSETA	437,855	297,578
INEP	-	567,970
Local Government	837,956	837,956
Municipal Infrastructure Grant	1,636,565	-
	3,412,376	**2,203,504**

See note 24 for reconciliation of grants from National/Provincial Government.

19. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	24,250,000	13,667,000	-	37,917,000
Performance bonus	586,505	-	(586,505)	-
Long service award	6,311,000	797,000	-	7,108,000
	31,147,505	**14,464,000**	**(586,505)**	**45,025,000**

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	13,790,000	11,448,000	(988,000)	24,250,000
Performance bonus	480,846	309,885	(204,226)	586,505
Long service award	5,942,000	1,278,000	(909,000)	6,311,000
	20,212,846	**13,035,885**	**(2,101,226)**	**31,147,505**

Non-current liabilities	45,025,000	30,561,000
Current liabilities	-	586,505
	45,025,000	**31,147,505**

Notes to the Annual Financial Statements

	2018 R	2017 R

19. Provisions (continued)

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert as at 30 June 2018 and approximates the discounted expected future cash flows using reasonable estimation techniques.

During the current year, licences for the illegal dumpsites were obtained. The current liability raised as a provision has therefore been moved to non-current as the municipality will rehabilitate the sites when the landfill sites are full.

Long service award

In addition to normal leave an employee shall qualify for the following additional leave as recognition for service at the same employer, which shall be paid out respectively once only the date on which the various periods of continues service have been completed, as follows:

- After 10 years service - 10 working days
- After 15 years service - 20 working days
- After 20 years service - 30 working days
- After 25 years service - 30 working days
- After 30 years service - 30 working days
- After 35 years service - 30 working days
- After 40 years service - 30 working days
- After 45 years service - 30 working days

An employee may choose to either utilise the leave for holiday purposes or en-cash leave within 12 months.

The two most important financial variables used in our valuation are the discount rate and salary inflation. An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events.

Discount rate

IAS19 defines the determination of the Discount rate assumption to be used as the rate that can "be determined by reference to market yields at the balance sheet* date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet* date) on government bonds should be used. The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations."reimbursement.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Performance bonus

Bonuses are awarded to section 56/57 managers based on the achievement of predetermined performance standards. The bonuses are calculated based on a percentage of the total package. The bonuses were approved by the Council and paid out for the previous financial years. The provision is an estimate of the amount due to the section 56/57 managers. There were no performance bonuses paid in the current year.

20. Service charges

Sale of electricity	51,745,208	51,738,832
Sale of water	8,881,669	7,328,865
Sewerage and sanitation charges	2,401,329	2,192,002
Refuse removal	7,037,787	6,725,306
	70,065,993	**67,985,005**

Notes to the Annual Financial Statements

	2018 R	2017 R
21. Rental of facilities and equipment		
Premises		
Rental of facilities and equipment	141,745	305,459
22. Investment revenue		
Interest revenue		
Bank	1,875,591	613,420
23. Property rates		
Rates received		
Residential	11,020,056	9,216,403
Commercial	9,191,901	10,002,819
State	518,304	1,661,418
Agriculture	14,211,954	19,592,431
	34,942,215	**40,473,071**

Property rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied as follows to property valuations to determine property rates:

- Residential properties: 0.01600 c/R (2017: 0.01500 c/R)
- Business/Industrial properties: 0.03200 c/R (2017: 0.03000 c/R)
- State owned properties: 0.0040 c/R (2017: 0.00375 c/R)
- Agricultural properties: 0.0040 c/R (2017: 0.00375 c/R)
- Public service insfrastructure properties: 0.0040 c/R (2017: 0.00375 c/R)
- Groot Marico: 0.016 c/R (2017: 0.00375 c/R)

Rebates:

- Agricultural properties: 65% on application (2017:65%)
- Agricultural properties - Special category: 10% on application (2017:10%)
- Public service infrastructure : 30% (2017:30%)

Retired and disabled persons on residential properties:

- Owner with income less than R5 000 per month(excluding indigents) -50% (2017:50%)
- Owner with income less than between R5 001 and R10 000 per month:40% (2017:40%)

Reductions:

Municipal Property Rates Act 2004 - first R15 000 on market value of residential and agricultural is exempted.

A 10% discount on full settlement of rates before 30 September each year for residential, business and industrial.

Notes to the Annual Financial Statements

	2018 R	2017 R
24. Government grants and subsidies		
Operating grants		
Equitable share	137,071,000	126,139,000
Library Grant	-	1,000,000
Financial Management Grant	2,145,000	1,810,000
LG Seta	-	618,915
EPWP Grant	1,091,000	1,104,000
Water supply grant	2,000,000	-
	142,307,000	**130,671,915**
Capital grants		
MIG	32,145,224	35,460,000
INEP	7,167,970	1,432,030
Local Government Grant	-	438,642
	39,313,194	**37,330,672**
	181,620,194	**168,002,587**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	-
Current-year receipts	36,704,000	35,460,000
Conditions met - transferred to revenue	(32,145,224)	(35,460,000)
Other	(2,922,212)	-
	1,636,564	-

Conditions still to be met - remain liabilities (see note 18).

Financial Management Grant

Current-year receipts	2,145,000	1,810,000
Conditions met - transferred to revenue	(2,145,000)	(1,810,000)
	-	-

Conditions still to be met - remain liabilities (see note 18).

Library Grant

Balance unspent at beginning of year	500,000	500,000
Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)
	500,000	**500,000**

Conditions still to be met - remain liabilities (see note 18).

EPWP

Current-year receipts	1,091,000	1,104,000
Conditions met - transferred to revenue	(1,091,000)	(1,104,000)
	-	-

Notes to the Annual Financial Statements

	2018 R	2017 R
24. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 18).		
LGSETA		
Balance unspent at beginning of year	297,578	-
Current-year receipts	140,277	916,493
Conditions met - transferred to revenue	-	(618,915)
	437,855	**297,578**
Conditions still to be met - remain liabilities (see note 18).		
INEP		
Balance unspent at beginning of year	567,970	-
Current-year receipts	6,600,000	2,000,000
Conditions met - transferred to revenue	(7,167,970)	(1,432,030)
	-	**567,970**
Conditions still to be met - remain liabilities (see note 18).		
Local Government		
Balance unspent at beginning of year	837,956	-
Current-year receipts	-	1,276,598
Conditions met - transferred to revenue	-	(438,642)
	837,956	**837,956**
Conditions still to be met - remain liabilities (see note 18).		
Water Supply Grant		
Current-year receipts	2,000,000	-
Conditions met - transferred to revenue	(2,000,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 18).		
25. Revenue		
Sale of land	169,650	67,760
Service charges	70,065,993	67,985,005
Rental of facilities and equipment	141,745	305,459
Licences and permits	1,100,121	2,778,840
Miscellaneous other revenue	2,675,920	1,692,097
Interest received - investment	1,875,591	613,420
Property rates	34,942,215	40,473,071
Government grants & subsidies	181,620,194	168,002,587
Fines, penalties and forfeits	5,575,164	4,994,929
	298,166,593	**286,913,168**

Notes to the Annual Financial Statements

	2018 R	2017 R
25. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	70,065,993	67,985,005
Rendering of services	169,650	67,760
Rental of facilities and equipment	141,745	305,459
Licences and permits	1,100,121	2,778,840
Miscellaneous other revenue	2,675,920	1,692,097
Interest received - investment	1,875,591	613,420
	76,029,020	**73,442,581**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	34,942,215	40,473,071
Transfer revenue		
Government grants & subsidies	181,620,194	168,002,587
Fines, penalties and forfeits	5,575,164	4,994,929
	222,137,573	**213,470,587**
26. Bulk purchases		
Electricity	45,244,172	42,860,444
27. Contracted services		
Lift maintenance	26,045	14,188
IT support services	964,940	376,283
Security services	8,368,416	6,481,595
28. Debt impairment		
Contributions to debt impairment provision	7,445,962	36,052,610
29. Depreciation and amortisation		
Property, plant and equipment	28,630,427	31,025,324
Investment property	83,883	83,883
Intangible assets	455,600	-
	29,169,910	**31,109,207**

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
30. Employee related costs		
Basic	74,736,343	73,315,285
13th Cheque	8,995,156	5,467,226
Medical aid - company contributions	4,222,802	8,335,192
UIF	598,126	615,627
SDL	1,092,246	955,152
(Decrease) / Increase in leave pay provision charge	(9,919,324)	2,984,575
Pension fund contributions	14,980,002	14,103,997
Travel, motor car, accommodation, subsistence and other allowances	4,223,344	4,547,947
Overtime payments	7,695,370	7,472,289
Long-service awards	1,252,526	821,629
Acting allowances	482,086	2,089,774
Entertainment allowance	33,527	216,974
Housing benefits and allowances	863,333	769,550
(Decrease) / Increase in performance bonus provision	(309,886)	309,886
Cellphone allowance	305,785	318,205
Bargaining council	34,026	33,032
Leave payout	921,221	872,661
Standby allowance	1,869,790	1,246,713
(Decrease) / Increase in bonus provision	(276,619)	469,569
Post retirement medical benefit	(4,905,000)	(1,154,000)
Termination benefits	-	1,405
	106,894,854	**123,792,688**
Remuneration of Director Technical Services		
Annual remuneration	1,083,599	983,058
Performance bonuses	-	204,227
Contributions to UIF, Medical and Pension Funds	1,636	1,785
SDL & Bargaining Council	11,091	12,145
Cellphone allowance	16,500	18,000
	1,112,826	**1,219,215**
Remuneration of Director Community Services		
Annual remuneration	575,328	743,058
Car allowance	200,000	240,000
Contributions to UIF, Medical and Pension Funds	1,636	1,917
Cellphone allowance	15,000	18,000
SDL & Bargaining council	8,998	9,624
Termination leave payout	141,420	-
	942,382	**1,012,599**
Remuneration of Director Local Economic Development		
Annual remuneration	57,533	914,250
Car allowance	20,000	240,000
Contributions to UIF, Medical and Pension Funds	-	1,785
Cellphone allowance	1,500	18,000
SDL & Bargaining council	-	9,972
	79,033	**1,184,007**

Notes to the Annual Financial Statements

	2018 R	2017 R

30. Employee related costs (continued)

Remuneration of Chief Audit Executive

Annual remuneration	810,394	863,058
Car allowance	120,000	120,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
SDL & Barganing council	9,343	9,863
Cellphone allowance	18,000	18,000
	959,522	**1,012,706**

Remuneration of Municipal Manager

Annual remuneration	837,796	1,065,915
Car allowance	81,141	42,283
Annual bonus	2,752	-
Contributions to UIF, Medical and Pension Funds	39,544	70,807
Cellphone allowance	9,650	3,300
SDL & Bargaining council	1,868	11,082
Termination leave paid out	117,084	-
Backpay	15,884	-
Acting allowance	29,256	-
Housing allowance	42,390	-
	1,177,365	**1,193,387**

Mr MI Matthews was appointed as acting Municipal Manager on the 13th of July 2017 and his contract expired on 23 November 2017. Mr SA Adroos was then appointed as Municipal Manager on 23 November 2017 and resigned on 02 April 2018. Mr Phakalane was appointed as the acting Municipal Manager on 15 April 2018.

Chief Finance Officer

Annual remuneration	635,764	546,252
Car allowance	40,000	45,000
Contributions to UIF, Medical and Pension Funds	-	70,483
SDL & Bargaining council	-	5,730
Cellphone allowance	12,504	3,300
Housing allowance	80,000	-
	768,268	**670,765**

Mr Morris was appointed on 23 October 2017 as the Chief Financial Officer.

Acting Director Technical Services

Annual remuneration	-	514,517
Car allowance	-	45,000
Contributions to UIF, Medical and Pension Funds	-	87,212
Cellphone allowance	-	3,300
SDL & Bargaining council	-	5,670
	-	**655,699**

The acting Director Technical Services was appointed in March 2016 after the Director was suspended. The Director Technical Services was reinstated in July 2016. However the Acting Director remained in office and received remuneration.

Notes to the Annual Financial Statements

	2018 R	2017 R
30. Employee related costs (continued)		
Director Corporate Services		
Annual remuneration	611,536	491,762
Car allowance	145,990	45,000
Contributions to UIF, Medical and Pension Funds	-	56,614
Cellphone allowance	13,500	3,300
SDL & Bargaining council	-	5,046
Housing allowance	20,000	-
	791,026	**601,722**
Remuneration of Executive Manager		
Annual remuneration	258,006	445,086
Travel allowance	37,500	180,000
Performance bonuses	-	9,000
Contributions to UIF, Medical and Pension Funds, SDL & Bargaining council	-	8,545
Performance bonus	-	115,665
Housing allowance	3,983	-
Cellphone allowance	2,750	-
	302,239	**758,296**
Remuneration of Acting Municipal Manager		
Annual remuneration	-	490,209
Travel allowance	-	41,460
Contributions to UIF, Medical and Pension Funds, SDL & Bargaining council	-	46,899
Cellphone allowance	-	3,040
	-	**581,608**
31. Finance costs		
Other interest	3,089,720	2,643,039
Trade and other payables	2,196,506	705,274
Post retirement interest cost	4,715,000	3,986,000
	10,001,226	**7,334,313**
32. Remuneration of councillors		
Mayor	847,560	775,174
Speaker	687,017	617,852
Councillors	11,020,660	8,224,690
	12,555,237	**9,617,716**

In-kind benefits

The Mayor and Speaker are full time. Each is provided with an office and secretarial administration support at the cost of the Council. The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.The Mayor has one full-time bodyguard.

Notes to the Annual Financial Statements

	2018 R	2017 R
33. General expenses		
Advertising	211,621	138,134
Auditors remuneration	230,350	3,547,464
Bank charges	865,070	1,072,378
Billing charges	257,544	228,573
Chemicals	21,687	18,600
Community development and training	208,900	964,414
Conferences and seminars	46,350	127,444
Consulting and professional fees	14,347,648	11,274,033
Consumables	299,733	286,483
Discount allowed	4,662,886	521,624
Electricity	978,307	1,347,089
Employee awareness	-	29,934
Extended public works program	7,467,153	6,266,800
Fuel and oil	1,918,803	1,618,069
Funeral costs	3,350	9,300
Hire	214,812	70,100
IT expenses	193,604	67,410
Indingent subsidy	2,250,150	2,249,845
Insurance	364,839	703,981
Inventory adjustment	-	146,418
Landfill site provision	13,667,000	10,460,000
Motor vehicle expenses	163,365	171,722
Other expenses	53,399	1,007,542
Postage and courier	258,198	259,579
Printing and stationery	712,496	1,744,114
Refuse	52,069	88,687
Right of use - Water	-	74,086
Sitting allowance	2,784,159	2,409,536
Software expenses	395,053	345,046
Staff welfare	196,963	111,972
Store and materials	316,119	575,623
Subscriptions and membership fees	1,221,296	1,074,136
Telephone and fax	1,527,851	821,499
Training	34,400	7,729,928
Travel - local	1,092,106	1,447,147
	57,017,281	**59,008,710**
34. Fair value adjustments		
Other financial assets		
• Listed Funds	-	8,521

Notes to the Annual Financial Statements

	2018 R	2017 R
35. Cash generated from operations		
Surplus (deficit)	13,992,537	(39,562,956)
Adjustments for:		
Depreciation and amortisation	29,169,910	31,109,207
Gain on sale of assets and liabilities	2,577,553	588,847
Fair value adjustments	-	(8,521)
Impairment deficit	-	2,333,318
Debt impairment	7,445,962	36,052,610
Movements in retirement benefit assets and liabilities	(4,895,286)	2,832,000
Movements in provisions	13,877,495	10,934,659
Inventory adjustment	-	146,418
Miscellaneous revenue (non cash)	(1,188,054)	-
Changes in working capital:		
Inventories	873,099	(1,092,570)
Receivables from exchange transactions	(27,759)	225,634
Consumer debtors	(20,860,408)	(31,511,430)
Other receivables from non-exchange transactions	(4,776,155)	(4,416,323)
Payables from exchange transactions	8,337,718	30,291,755
VAT	(231,662)	(6,249,865)
Unspent conditional grants and receipts	1,208,872	426,906
	45,503,822	**32,099,689**
36. Auditors' remuneration		
Fees	230,350	3,547,464
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	20,408,078	2,345,487
Total capital commitments		
Already contracted for but not provided for	20,408,078	2,345,487

This committed expenditure relates to projects and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Notes to the Annual Financial Statements

	2018 R	2017 R

38. Contingencies

38.1 Court Proceedings:

Municipality is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities is uncertain. The amounts disclosed below are possible outflows amounts:

Litigation and claims		
Malicious prosecution between Ramotshere Moiloa Local Municipality versus Martinus Venter	225,000	225,000
Labour case between Ramotshere Moiloa Local Municipality and NJ Motang	80,151	80,151
Review application between Ramotshere Moiloa Local Municipality and T Motlhamme	100,000	100,000
Accident damage of property by the employee of the council between Ramotshere Moiloa Local Municipality and C Lubbe	85,000	85,000
Court application between Ramotshere Moiloa Local Municipality and J Venter	300,000	300,000
Court matter between Ramotshere Moila Local Municipality and Raphunga	247,861	247,861
Alleged eviction of municipal employee-Martha Mareme by Ramotshere Moiloa Local Municipality and the eviction led to a loss of assets	200,000	200,000
Labour court review application between Ramotshere Moiloa Local Municipality IMATU obo JH Engelbrecht	400,000	110,000
Labour court application between Ramotshere Moiloa Local Municipality and P Williams	50,000	50,000
Disciplinary proceedings between Ramotshere Moiloa Local Municipality and S Sithole	50,000	50,000
Court matter between Ramotshere Moiloa Local Municipality and G Makaukau	350,000	-
Labour court application between Ramotshere Moiloa Local Municipality and JJ Cromhout	700,000	-
Disciplinary proceedsings betwen Ramotshere Moiloa Local Municipality and S Mangope	500,000	-
	3,288,012	**1,448,012**

39. Risk management

Financial risk management

Council has overall responsibility for the establishment and oversight of the entity's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Notes to the Annual Financial Statements

	2018 R	2017 R

39. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Unauthorised expenditure

Opening balance	130,520,575	128,481,935
Additions	23,268,307	2,038,640
	153,788,882	**130,520,575**

No investigations have been performed with regard to unauthorised expenditure incurred in the current year.

Notes to the Annual Financial Statements

	2018 R	2017 R

42. Fruitless and wasteful expenditure

Opening balance	8,766,373	4,530,260
Current year	5,986,204	4,236,113
	14,752,577	**8,766,373**

The expenditure is caused by interest charged on overdue accounts of Eskom, Telkom and Auditor General South Africa.

A detailed breakdown of the fruitless and wasteful expenditure is disclosed in detail as below:

Auditor General - interest on overdue accounts	11,764	125,533
Eskom Bulk - Interest on overdue accounts	2,591,439	1,703,533
Eskom Other - Interest on overdue accounts	-	83,065
Eskom Waterworks - Interest on overdue accounts	96,278	210,858
Modibetsane DG - Acting allowance paid	-	198,111
SARS - Penalties and interest	1,987,399	506,248
Telkom South Africa - Interest on overdue accounts	72,278	13,802
Sebogodi GN - Salary paid while employee was on special leave	-	539,664
TMT Tiro - Salary paid while employee was on special leave	855,306	855,299
R.T Phakalane - Acting allowance paid	29,256	-
Pension penalties	339,396	-
VAT penalties	3,088	-
	5,986,204	**4,236,113**

No investigations have been performed with regard to the fruitless and wasteful expenditure incurred in the current year.

Notes to the Annual Financial Statements

	2018 R	2017 R
43. Irregular expenditure		
Opening balance	140,616,963	109,153,603
Add: Irregular Expenditure - current year	12,521,328	31,463,360
	153,138,291	**140,616,963**
Analysis of irregular expenditure - current year		
Tenders/quotations not advertised	7,390,928	2,375,695
Tenders with missing information	-	45,808
SCM procedures not followed	924,811	545,174
Three qoutes not obtained	-	143,033
Deviation form not filled	423,750	-
Irregular appointments	-	472,917
Expired contracts	14,636	8,851,902
Evaluation criteria was not consistent	3,205,818	5,474,688
Orders created after	-	19,500
Different recommendation	-	5,571,460
Not registered on CSD	34,000	-
Committee composition	-	2,703,554
Points for the BBBEE were incorrectly awarded	527,385	3,212,284
No concurrance from MEC	-	759,000
MPAC Administrator irregulary appointed	-	484,083
MPAC Manager was appointed irregulary	-	373,116
MPAC Researcher was appointed irregulary	-	252,153
Employees that have passed retired on payroll	-	178,993
	12,521,328	**31,463,360**

No investigations have been performed with regard to the irregular expenditure incurred in the current year.

44. Additional disclosure in terms of Municipal Finance Management Act

44.1. Contributions to organised local government

Current year subscription / fee	1,181,890	1,049,070
Amount paid - current year	(1,181,890)	(1,049,070)
	-	-

44.2. Audit fees

Opening balance	1,565,836	2,172,021
Current year subscription / fee	230,350	3,547,464
Amount paid - current year	(844,868)	(4,153,649)
Adjustments	(364,961)	-
	586,357	**1,565,836**

44.3. PAYE, SDL and UIF

Opening balance	2,931,634	1,307,921
Current year subscription / fee	17,570,225	18,635,942
Amount paid - current year	(20,342,960)	(17,012,229)
	158,899	**2,931,634**

Notes to the Annual Financial Statements

	2018 R	2017 R

44. Additional disclosure in terms of Municipal Finance Management Act (continued)

44.4. Pension and Medical Aid Deductions

Opening balance	2,930,777	1,581,616
Current year subscription / fee	23,250,919	34,585,962
Amount paid - current year	(21,333,575)	(33,236,801)
	4,848,121	**2,930,777**

44.5. VAT

VAT payable	1,229,377	1,461,039

All VAT returns have been submitted by the due date throughout the year.

44.6. Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Moloantoa	-	4,084	4,084
Cllr Rajan	-	376,085	376,085
Cllr Motladiile LK	-	743	743
	-	**380,912**	**380,912**

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Dreyer	-	225	225
Cllr Mediro	-	3,048	3,048
Cllr Kadi	-	7,633	7,633
Cllr Modibetsane	-	225	225
Cllr Mokotong	-	225	225
Cllr Nare	-	6,018	6,018
Cllr Moloantoa	-	4,775	4,775
Cllr Rajan	-	241,633	241,633
Cllr Phetwe	-	5,757	5,757
	-	**269,539**	**269,539**

45. Service in kind

During the current year, the municipality received assistance from the North West Provincial Government - Treasury. This took the form of appointment of the Acting Chief Financial Officer, who assisted the municipality with the administrative roles performed by the Chief Financial Officer.

Notes to the Annual Financial Statements

	2018 R	2017 R

46. Distribution Losses

Electricity distribution losses		
Killo Watts per Hour	12,176,215 -	11,530,507 -
Total loss (Rand)	11,446,915	10,839,200

The main reason for incurring electricity losses relates to heat dissipation when electricity flows through the conductors, illegal connections, meter tampering and incorrect metering. Cost per KWH R0.8341 (2017: R0.8341).

47. New standards and interpretations

47.1 Standards and interpretations effective and adopted in the current year

In the current year, there were no new standards and interpretations that are effective for the current financial year and that are relevant to the municipality's operations.

47.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact

Notes to the Annual Financial Statements

	2018 R	2017 R

48. Related parties

Key management and councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Dreyer R	34,189	2,082
Mothoagae P	311	-
Moloantoa ITKC	5,757	21,281
Rajan MF 2000541	72,452	42,669
Rajan MF 30030024	7,050	16,019
Rajan MF 20013231	255,961	191,620
Motladiile I	1,314	(17)
Sapala TN	736	2,462
Phetwe K	346	6,800
Seabi OPHBV	-	27
	378,116	**282,943**

Related party transactions

Rates levied		
Dreyer R	-	3,900
Mothoagae P	2,160	1,875
Moloantoa ITKC	1,600	1,350
Rajan MF	-	8,875
Rajan MF 2000541	-	4,485
Rajan MF 30030024	-	1
Rajan MF 20013231	-	41,417
Motladiile I	-	435
Sapala TN	2,800	2,475
Phetwe K	2,560	2,250
Seabi OPHBV	-	5,040
Malema	7,120	-
Birkenstork	6,480	-
Service charges		
Dreyer R	-	8,162
Mothoagae P	1,837	1,690
Moloantoa ITKC	6,231	4,788
Rajan MF	-	6,446
Rajan MF 2000541	-	11,830
Rajan MF 30030024	-	1,304
Rajan MF 20013231	-	40,579
Motladiile I	-	1,690
Sapala TN	7,292	3,887
Phetwe K	1,841	1,690
Seabi OPHBV	-	5,497
Malema	4,720	-
Birkenstork	9,189	-
Remuneration of key management and councillors		
Key management remuneration	6,132,661	8,890,004
Councillors remuneration	12,555,237	9,617,716

Notes to the Annual Financial Statements

	2018 R	2017 R

49. Change in estimate

Property, plant and equipment

During the year the municipality have performed condition assessments of assets that reach a zero remaining useful life. The effect of the change in remaining life of assets is decreased depreciation in the current year of R3,338,265.

Subsequently future depreciation will increase with the value of R 3,338,265 spread over an average of 5.02 future years.

Details of the effect of change in estimate is as follows:

	Value of depreciation charged less in the current financial year	Average years remaining for assets depreciation
Buildings	276,075	3.33
Community facilities	182,519	4.61
Roads Network Infrastructure	2,533,996	3.30
Storm water infrastructure	111,050	8.04
Electrical network infrastructure	234,625	5.81
	3,338,265	**5.02**

Notes to the Annual Financial Statements

	2018 R	2017 R

50. Budget differences

Material differences between budget and actual amounts

50.1 The actual service charges in the current year are less than the budgeted amount. This is due to the valuation roll disparities which caused the variance between the actual billing and the budget. A professional valuer was appointed to investigate the disparities.

50.2 The actual licences and permits income was less than the budgeted amount. This is mainly due to the testing station being set alighty during the service protests.

50.3 The actual miscellaneous revenue was less than the budgeted amount. This is due to income being less than anticipated.

50.4 The budgeted interest income was less than the actual interest income. This is due to more funds that were invested and more interest was received compared to the previous year. In addition, equitable share and other conditional grants were invested as soon as they were received.

50.5 The actual property rates in the current year are less than the budgeted amount. This is due to the valuation roll disparities which caused the variance between the actual billing and the budget. A professional valuer was appointed to investigate the disparities.

50.6 Actual government grants were less than the budgeted amount. This is due to the National Treasury withholding R8,3 million because of slow spending on MIG.

50.7 Actual fines income is more than the budgeted amount. This is due to more traffic fine income being generated than previously anticipated.

50.8 The budgeted employee related costs are more than the actual amount. This is due to the vacancies of Municipal Manager, Director: Planning and Development, Director: Technical, Chief Financial Officer and Director: Corporate Services being filled in October 2018.

50.9 Actual financial costs incurred are more than the budgeted amount. This is mainly due to the interest cost relating to the valuation of post retirement medical obligation, as well as interest charges from the DBSA loans. In addition, interest on outstanding debt was charged by Eskom and Telkom as the municipality had cash flow challenges .

50.10 The budgeted debt impairment is greater than the actual debt impairment. This is due to the impairment being recognised in the previous financial year for most of the consumer debtors. Refer to note 51 - Prior year adjustments.

50.11 The budgeted bulk purchases are less than the actual amount. This is due to the amount being incorrectly budgeted for, as insufficient information was provided during the budgeting process.

50.12 Actual contracted services costs are less than the budgeted amount. This is due to cash flow challenges that procluded the timeous conclusion of contracts for the 2018 financial year.

50.13 Actual general expenses are more than the budgeted amount. This is mostly due to the imputed expenses such as the landfill site provision that were incurred during the year.

50.14 The loss on scrapping and disposal of assets was not budgeted for.

Notes to the Annual Financial Statements

	2018 R	2017 R

51. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
Consumer debtors		63,404,654	(18,572,004)	44,832,650
Provisions		(19,113,000)	(11,448,000)	(30,561,000)
Property, plant and equipment		578,543,451	(1,168,911)	577,374,540
Intangible assets		144,700	1,822,400	1,967,100
Increase in roads and stormwater		-	4,084,720	4,084,720
Decrease in work in progress		-	(3,235,936)	(3,235,936)
Effect on accumulated surplus		**622,979,805**	**(28,517,731)**	**594,462,074**

Statement of financial performance

2017

	Note	As previously reported	Correction of error	Restated
Increase in property rates		28,117,171	12,625,900	40,743,071
Decrease in consulting and professional fees		4,854,706	1,258,944	6,113,650
Increase in depreciation costs		49,195,939	(605,543)	48,590,396
Increase in debt impairment		-	(31,197,816)	(31,197,816)
Increase in landfill site provision		-	(11,448,000)	(11,448,000)
Effect on profit or loss		**82,167,816**	**(29,366,515)**	**52,801,301**

Errors

The following prior period errors adjustments occurred:

Consumer debtors and provision for doubtful debts

In the previous year, provision for doubtful debts was understated by R31,197,904. This resulted in consumer debtors being overstated by R31,197,904. In addition, prior period receivables were understated due to the revenue of R12,625,900 that was not recognised. Revenue relating to property rates was therefore understated. The error has been adjusted restrospectively.

Provisions and general expenses

In the previous year provision for landfill site was understated by R11,448,000. This resulted in the landfill site carrying value being overstated by R11,448,000 and general expenses being understated by R11,448,000. The error has been adjusted restrospectively.

Property, plant and equipment and depreciation

In the previous years depreciation and accumulated depreciation were understated by R1,168,909. This error resulted in properrty, plant and equipment being overstated by R1,168,909 and depreciation and operating expenses . The error has since been adjusted restrospectively.

Notes to the Annual Financial Statements

	2018 R	2017 R

51. Irregular expenditure (continued)

Intangible assets and general expenses

In the previous year, costs relating to the acquisition of intangible assets (computer software) were not capitalised. This resulted in general expenses being overstated by R1,822,400 and intangible assets being understated by R1,822,400. The error has been adjusted retrospectivley.

Roads and stormwater assets

In the current financial year, it was discovered that certain items of roads and stormwater assets were omitted from the fixed asset register. This resulted in roads and storm water assets being understated by R4,084,720. The items were added to the fixed asset register and the error was corrected retrospectively.

Work in progress

There were differences between the fixed asset register and the trial balance, which resulted in work in progress being overstated by R3,235,936. The error has been corrected restrospectively.

52. Comparative figures

Certain comparative figures have been reclassified due to the change in the Municipality's Standard Chart of Accounts (MSCOA). In the current year, municipalities were expected to align the chart of accounts to be in line with National Treasury's standard chart of accounts. The change in the chart of accounts resulted in the following changes to the comparative figures:

Increase in contracted services	376,283
Decrease in other expenses	(376,283)
Increase in stores and materials	102,458
Decrease in other expenses	(274,180)
Increase in motor vehicles	171,722
Increase in employee related costs	1,610,769
Decrease in remuneration of councillors	(1,610,769)
Effect on profit or loss	-

53. Deviations

Incidents		
Deviations less than R200,000	1,617,331	18,670
Deviations more than R200,000	2,467,257	1,101,550
Other	-	827,713
	4,084,588	**1,947,933**

54. Events after the reporting date

The municipality was placed under administration from 01 September 2018 in terms of Section 139 (1)(b) of the Constitution.

VOLUME II

Ramotshere Moiloa Local Municipality
Ramotshere Moiloa Local Municipality
Appendix B
June 2018

Analysis of property, plant and equipment as at 30 June 2018

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	17,356,150	-	-	-	-	-	**17,356,150**	-	-	-	-	-	-	17,356,150
Landfill Sites (Separate for AFS pursoses)	12,488,000	-	-	-	-	-	**12,488,000**	(2,840,921)	-	-	-	-	**(2,840,921)**	9,647,079
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	67,555,049	-	(1,468,405)	-	-	-	**66,086,644**	(45,376,011)	910,411	-	(2,926,739)	-	**(47,392,339)**	18,694,305
	97,399,199	-	**(1,468,405)**	-	-	-	**95,930,794**	**(48,216,932)**	**910,411**	-	**(2,926,739)**	-	**(50,233,260)**	**45,697,534**
Infrastructure														
Roads, Pavements & Bridges	625,016,998	-	(4,596,509)	14,740,519	-	-	**635,161,008**	(253,818,484)	2,576,950	-	-	(16,451,035)	**(267,692,569)**	367,468,439
Electricity assets	71,881,283	-	-	-	-	-	**71,881,283**	(28,986,279)	-	-	-	(1,749,334)	**(30,735,613)**	41,145,670
Wastewater network	2,184	-	-	-	-	-	**2,184**	-	-	-	-	-	-	2,184
Finance leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Servitudes	13,011,798	-	-	-	-	-	**13,011,798**	-	-	-	-	-	-	13,011,798
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	1,860	-	-	-	-	**1,860**	1,860
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	709,912,263	-	**(4,596,509)**	**14,740,519**	-	-	**720,056,273**	**(282,802,903)**	**2,576,950**	-	-	**(18,200,369)**	**(298,426,322)**	**421,629,951**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	109,740,491	425,000	-	-	-	-	**110,165,491**	(61,547,341)	-	-	-	-	**(61,547,341)**	48,618,150
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	109,740,491	**425,000**	-	-	-	-	**110,165,491**	**(61,547,341)**	-	-	-	-	**(61,547,341)**	**48,618,150**

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	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	12,652,677	-	-	-	-	-	**12,652,677**	(8,482,991)	-	-	-	(1,833,066)	**(10,316,057)**	2,336,620
Plant & equipment	881,555	18,600	-	-	-	-	**900,155**	(686,405)	-	-	-	(109,072)	**(795,477)**	104,678
Computer Equipment	2,219,058	2,641,163	-	-	-	-	**4,860,221**	(865,863)	-	-	-	(799,395)	**(1,665,258)**	3,194,963
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	475,779	-	-	-	-	-	**475,779**	(340,990)	-	-	-	(63,045)	**(404,035)**	71,744
Office Equipment	334,941	334,625	-	-	-	-	**669,566**	(208,407)	-	-	-	(45,419)	**(253,826)**	415,740
Leased assets	2,823,539	-	-	-	-	-	**2,823,539**	(411,766)	-	-	-	-	**(411,766)**	2,411,773
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	43,199,721	32,575,021	-	(19,250,239)	3,114,184	-	**59,638,687**	442,040	-	-	-	-	**442,040**	60,080,727
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,311,861	-	-	-	-	-	**5,311,861**	(3,604,342)	-	-	-	-	**(3,604,342)**	1,707,519
	67,899,131	**35,569,409**	-	**(19,250,239)**	**3,114,184**	-	**87,332,485**	**(14,158,724)**	-	-	-	**(2,849,997)**	**(17,008,721)**	**70,323,764**

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	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	97,399,199	-	(1,468,405)	-	-	-	**95,930,794**	(48,216,932)	910,411	-	(2,926,739)	-	**(50,233,260)**	45,697,534
Infrastructure	709,912,263	-	(4,596,509)	14,740,519	-	-	**720,056,273**	(282,802,903)	2,576,950	-	-	(18,200,369)	**(298,426,322)**	421,629,951
Community Assets	109,740,491	425,000	-	-	-	-	**110,165,491**	(61,547,341)	-	-	-	-	**(61,547,341)**	48,618,150
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	67,899,131	35,569,409	-	(19,250,239)	3,114,184	-	**87,332,485**	(14,158,724)	-	-	-	(2,849,997)	**(17,008,721)**	70,323,764
	984,951,084	**35,994,409**	**(6,064,914)**	**(4,509,720)**	**3,114,184**	**-**	**1,013,485,043**	**(406,725,900)**	**3,487,361**	**-**	**(2,926,739)**	**(21,050,366)**	**(427,215,644)**	**586,269,399**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	97,399,199	-	(1,468,405)	-	-	-	**95,930,794**	(48,216,932)	910,411	-	(2,926,739)	-	**(50,233,260)**	45,697,534
Infrastructure	709,912,263	-	(4,596,509)	14,740,519	-	-	**720,056,273**	(282,802,903)	2,576,950	-	-	(18,200,369)	**(298,426,322)**	421,629,951
Community Assets	109,740,491	425,000	-	-	-	-	**110,165,491**	(61,547,341)	-	-	-	-	**(61,547,341)**	48,618,150
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	67,899,131	35,569,409	-	(19,250,239)	3,114,184	-	**87,332,485**	(14,158,724)	-	-	-	(2,849,997)	**(17,008,721)**	70,323,764
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	984,951,084	**35,994,409**	**(6,064,914)**	**(4,509,720)**	**3,114,184**	**-**	**1,013,485,043**	**(406,725,900)**	**3,487,361**	**-**	**(2,926,739)**	**(21,050,366)**	**(427,215,644)**	**586,269,399**

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Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Analysis of property, plant and equipment as at 30 June 2017

	Cost/Revaluation							Accumulated depreciation						
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Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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RAMOTSHERE MOILOA LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT

2017/2018

Abbreviations

AG	Auditor-General
AFS	Annual Financial Statement
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DTS	Director: Technical Services
DWA	Department of Water Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development
EMP	Environmental Master Plan
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
HH	Household
HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area

KPI	Key Performance Indicator
LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy
LLF	Local Labour Forum
MEC	Member of the Provincial Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MS	Municipal Scorecard
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy
MTREF	Medium Term Revenue and Expenditure Framework
NMMDM	Ngaka Modiri Molema District Municipality
NT	National Treasury
PM	Performance Management
PMS	Performance Management System
RDP	Reconstruction and Development Programme
RMLM	Ramotshere Moiloa Local Municipality
SAMWU	South African Municipal Workers' Union
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPF	Sector Policing Forum
VAT	Value Added Tax
WSDP	Water Services Development Plan

WSP Workplace Skills Plan

INTRODUCTION

The Annual Performance Report of the Ramotshere Moiloa Local Municipality (RMLM) for the 2016/2017 financial year has been compiled in accordance with the provisions of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and reflects the actual performance of the municipality against its pre-determined objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

The Council approved the RMLM's Framework for Institutional Performance Management (PMS) in December 2013 which is reviewed on an annual basis. The salient features of the approved framework are included in this report.

The 2016/2017 Annual Performance Report, which will be incorporated into the 2016/2017 Annual Report in accordance with section 46 of Municipal Systems Amendment Act of 2003, therefore:

- covers the requirements of the legislative provisions in regard to performance management,
- reports on the municipality's actual performance against the service delivery targets contained in the approved 2016/17 SDBIP for each function and directorate per municipal key performance area (KPA) and IDP priority, and
- reflects on measures that were taken or are to be taken to improve performance in cases of non- or under-performance, and

It is expected that this report will assist all stakeholders to objectively assess the overall performance of the RMLM for the year under review and further clearly demonstrate the municipality's unwavering commitment to the principles of improved service delivery, good governance and accountability.

MUNICIPAL MANDATE, POWERS AND FUNCTIONS

Municipal Mandate

The mandate (itemised below) is contained in Section 152 of the Constitution and serves as **focus areas** of the municipality:

1.1.1 To provide democratic and accountable government for local communities;

1.1.2 To ensure the provision of services to communities in a sustainable manner;
1.1.3 To promote social and economic development
1.1.4 To promote a safe and healthy environment;
1.1.5 To encourage the involvement of communities and community organisations in the matters of local government

Allocated Powers and Functions

Powers and Functions allocated to the municipality

Child Care Facilities (Childhood care and development that fall outside the National and Provincial competency)

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Control of undertakings that sell liquor to the public

Facilities for the accommodation, care and burial of animals

Fencing and Fences

Licensing and control of undertakings that sell food to the public

Local Amenities

Local Tourism

Local Sports Facilities

Markets

Municipal Abattoirs

Municipal Parks and Recreation

Municipal Planning

Municipal Public Transport

Noise pollution

Refuse Removal, Refuse Dumps and Solid Waste Disposal

Trading Regulations

Traffic and Parking

Powers and Functions that the municipality perform

Billboards and the Display of Advertisements

Cemeteries, Funeral Parlors and Crematoria

Cleansing

Control of public nuisance

Electricity Reticulation

Local Sport Facilities

Licensing and control of undertakings that sell food to the public

Municipal Planning

Municipal Parks and Recreation

Municipal Roads

Public Places

Refuse removal, Refuse dumps, and Solid Waste disposal

Storm Water

Municipal Abattoir

Street Trading

Street Lighting

Traffic and parking

LEGISLATIVE PROVISIONS

The relevant legal provisions regarding the performance management system and annual performance report as contained in the following laws and regulations are outlined below:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 200)
- Local Government: Municipal Planning and Performance Regulations, 2001 (Regulation No. R796 of 2001)
- Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

MUNICIPAL SYSTEMS ACT, 2000

The following sections from Chapter 6 of the Municipal Systems Act, 2000 relate to the performance management system.

Establishment of performance management system

38. A municipality must—

(a)establish a performance management system that is—

(i) commensurate with its resources;

(ii) best suited to its circumstances; and

(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan;

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c)administer its affairs in an economical, effective, efficient and accountable manner.

Development of performance management system

39. *The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must-*

(a) manage the development of the municipality's performance management system:

(b) assign responsibilities in this regard to the municipal manager, and

(c) submit the proposed system to the municipal council for adoption

Monitoring and review of performance management system

40. *A municipality must establish mechanisms to monitor and review its performance management system.*

Core components

41. (1) *A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—*

(a)set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact. with regard to the municipality's development priorities and objectives set out in its integrated development plan;

(b) set measurable performance targets with regard to each of those development priorities and objectives;

(c)with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)

(i) monitor performance; and

(ii) measure and review performance at least once per year;

(d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met: and

(e) establish a process of regular reporting to—

(i) the council, other political structures, political office bearers and staff of the municipality; and

(ii) the public and appropriate organs of state.

(2) The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.

Notification of key performance indicators and performance targets

44. A municipality, in a manner determined by its council, must make known both internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system

Audit of performance measurements

45. The results of performance measurements in terms of section 41 (1)(c) must be audited-

(a) as part of the municipality's internal auditing processes: and

(b) annually by the Auditor General

MUNICIPAL PLANNING AND PERFORMANCE REGULATIONS, 2001

The paragraphs below from Chapter 3 of the Municipal Planning and Performance Regulations, 2001 stipulate the following in respect of the municipality's performance management system.

Nature of performance management system

7. *(1) A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*

(2) In developing its performance management system, a municipality must ensure that the system-

(a) complies with all the requirements set out in the Act;

(b) demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;

(c) clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system;

(d) clarifies the processes of implementing the system within the framework of the integrated development planning process;

(e) determines the frequency of reporting and the lines of accountability for performance;

(f) relates to the municipality's employee performance management processes; and

(g) provides for the procedure by which the system is linked to the municipality's integrated development planning processes.

Adoption of performance management system

8. *A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.*

Monitoring, measurement and review of performance

13. *(1) A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.*

(2) The mechanisms, systems and processes for monitoring in terms of subregulation (1) must-

(a) provide for reporting to the municipal council at least twice a year;
(b) be designed in a manner that enables the municipality to detect early indications of under-performance; and
(c) provide for corrective measures where under-performance has been identified.

(3) Performance measurement in terms of subregulation (1) must include the measurement of –

(a) costs, resources and time used to produce outputs in accordance with the input indicators referred to in regulation 9;
(b) the extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and
(c) the total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9.

(4) The mechanisms, systems and processes for review in terms of subregulation (1) must at least —

(a) identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10;
(b) review the key performance indicators set by the municipality in terms of regulation 9; and
(c) allow the local community to participate in the review process.

MUNICIPAL SYSTEMS AMENDMENT ACT, 2003

Section 46 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003), provides for the following in relation to the annual performance report of a municipality.

(1) A municipality must prepare for each financial year a performance report reflecting—

(a) the performance of the municipality and each external service provider during that financial year;
(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states, *inter alia*, the following in regard to the preparation and tabling of annual reports:

Section 121(2): The purpose of the annual report is –

(a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
(b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and
(c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

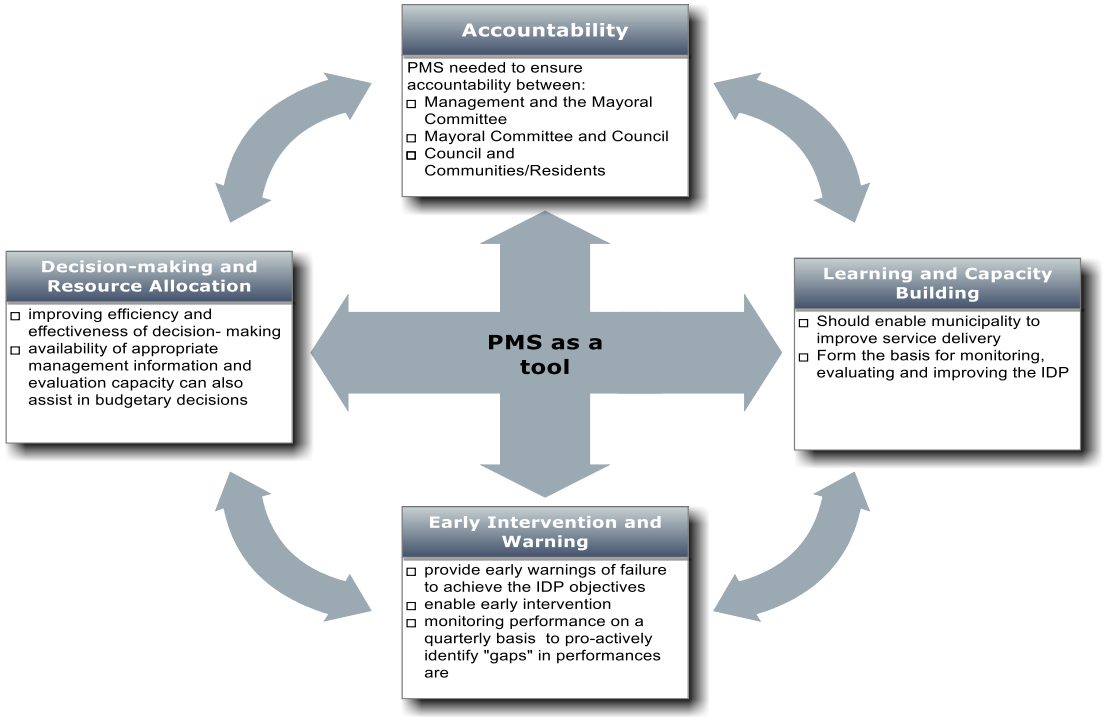
Section 121(3)(c) further states that *the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act*.

MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM (PMS)

The RMLM's Approved Performance Management Framework regulates the performance management system in the municipality and provides guidelines on the development and implementation of the organisational and employee performance management system.

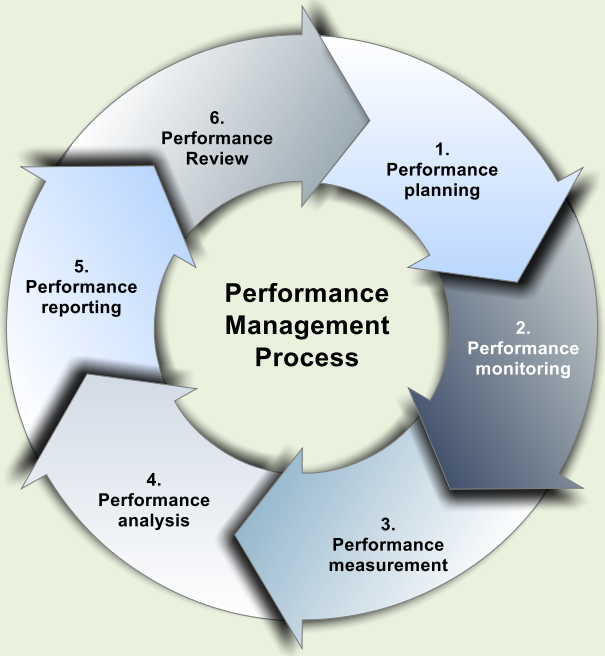
The objectives of institutionalising a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfill the following functions:

- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes
- Creating a culture for best practice, shared-learning within the municipality
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of the Local Government System



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press. 1996.

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.



1. **Performance planning** - The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.

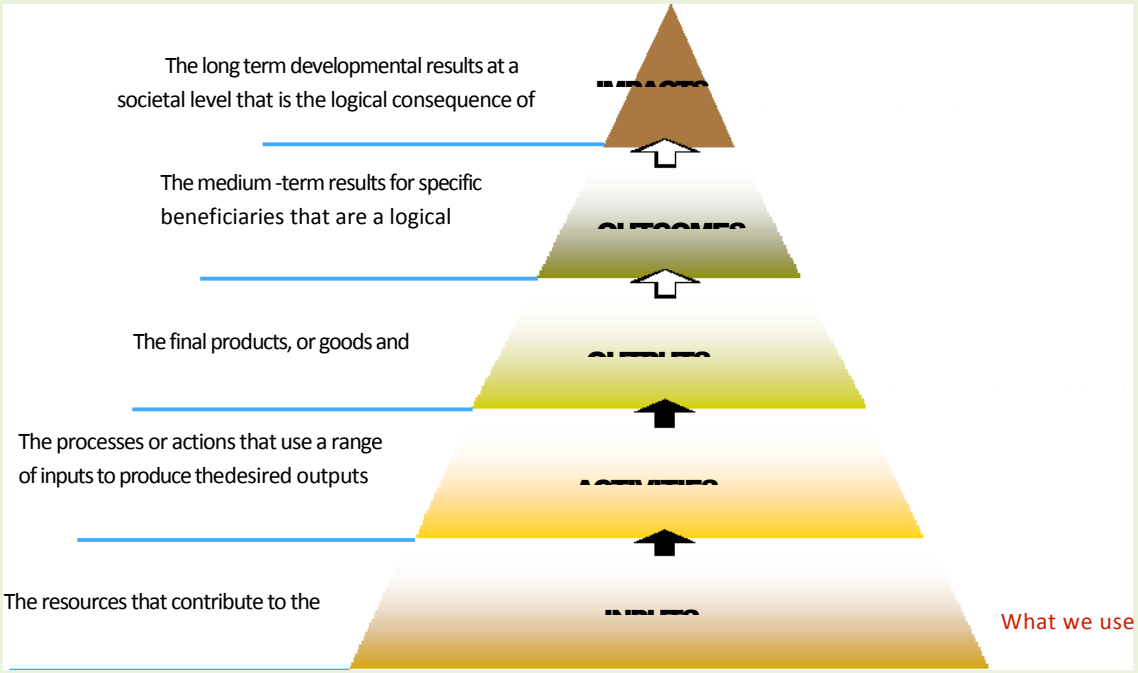
2. **Performance monitoring** - ongoing process by which a Director accountable for a specific indicator as set out in the institutional scorecard or SDBIP continuously monitors current performance against targets set to ensure that appropriate and immediate interim (or preliminary) action is taken in case of under-performance.

3. **Performance measurement** - formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.

4. **Performance analysis** - interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not.

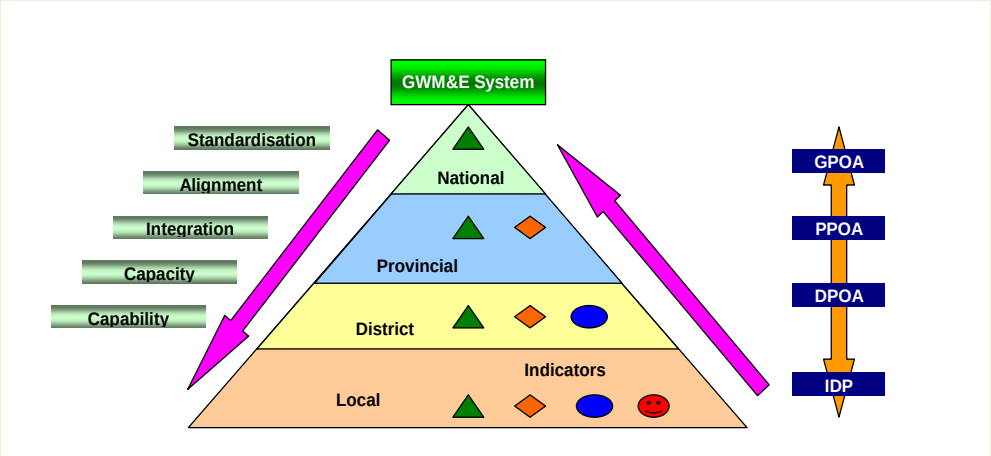
5&6. **Performance reporting and review** – these two steps deal with both the in-year reporting (monthly, quarterly and mid-year) and annual reporting requirements.

The approved PMS is also aligned to the new ***outcomes approach to performance management in government*** which is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. It will help spheres of government to ensure that results improve the lives of citizens rather than just carrying out our functions. This approach involves management using a logic model which links inputs, activities, outputs, outcomes and impacts. The diagram below demonstrates these links more clearly.



According to the *Monitoring and Evaluation Framework in support of Cooperative Governance*[1], a new set of national Key Performance Indicators (KPIs) have been developed and all provinces and key sector departments were consulted during this process. Although there is a need to have indicators for the different levels of the results chain, that is, inputs, activities, outputs, outcomes and impacts. There is however a need to have a set of national KPIs that address the reporting requirements for the local government sector at national level. The national KPIs will enable the reporting of local government performance at a strategic level. Line function departments will still need to continue to monitor their programmes as required by their mandate. Similarly, provinces and municipalities may still develop their own set of indicators which help measure the projects or programmes which are unique to their situation.

The diagram below illustrates this process, with the green triangles representing the national KPIs, the orange diamonds representing provincial KPIs, the blue circles representing district and circle with a smile representing local municipality KPIs.



[1] Draft Monitoring and Evaluation Framework in support of Cooperative Governance. Department of Cooperative Governance. October 2010

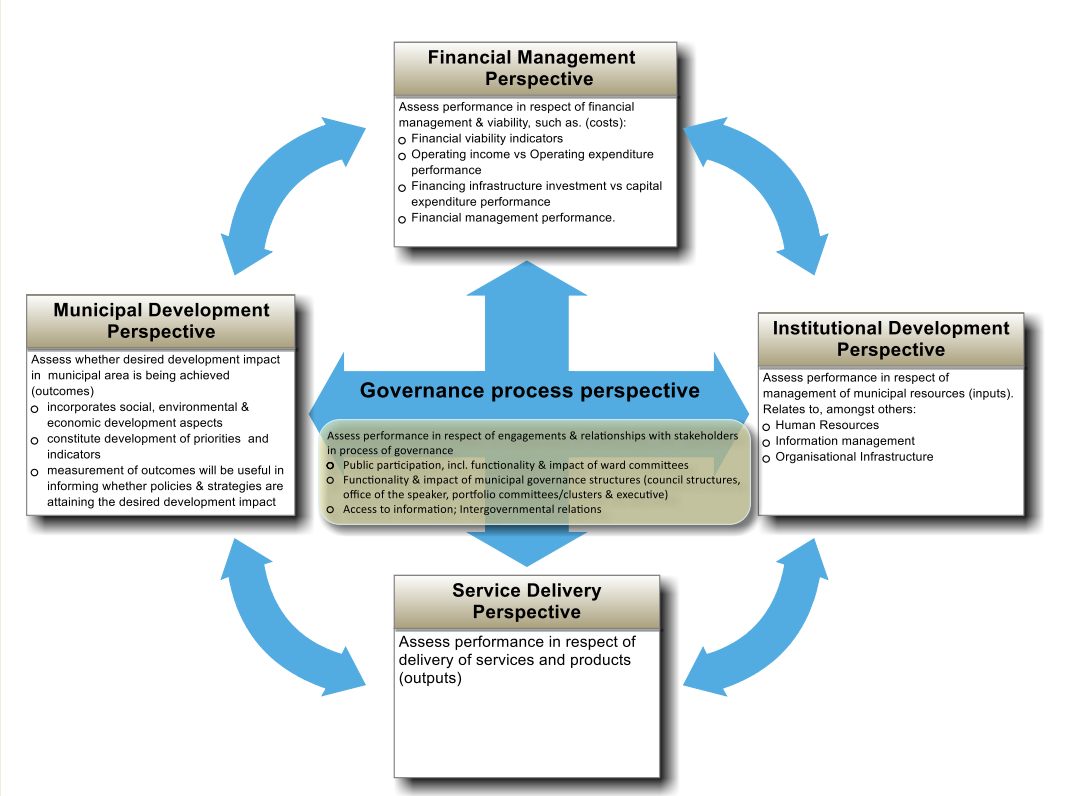
The draft national set of KPIs addresses both the reporting requirements in terms of existing legislation, the various programmes within the department including the LGTAS, the Ten Point Plan and the Minister's Performance Agreement. Once approval is granted by the Minister, this set of national KPIs will be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

Municipal Scorecard

The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together into five perspectives as depicted in the figure below e.g. inputs, process, outputs and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

I. The Municipal Development Perspective
II. The Service Delivery Perspective
III. The Institutional Development Perspective
IV. The Financial Management Perspective
V. Governance Process Perspective



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press. 1996.

2016/2017 Report of the Auditor-General

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2016/2017 financial year on predetermined objectives and the management actions taken during 2016/2017 to address the findings.

Clarification on FMPPI applicability:

The Framework for Managing Programme and Performance Information (FMPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Programme and Performance Information which are applicable to National and Provincial Department, Public Entities and Constitutional Institutional Institutions. The FMPPI is therefore not applicable to the performance management of municipalities, which are governed by the provisions of the MSA and MFMA.

The performance management processes of municipalities are regulated by Chapter 6 of the Municipal Systems Act (2000), the Municipal Planning and Performance Regulations (2001), section 46 of the Municipal Systems Amendment Act (2003) and section 121 of the Municipal Finance Management Act (2003). Further, in terms of the section 7 of the Municipal Planning and Performance Regulations (2001), the RMLM developed a Performance Management Framework, *that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players.*

Category	**Audit opinion**	**Management actions taken to resolve findings**
Usefulness of information	A total of 66% of the reported indicators and 72% of the reported targets were not consistent with those in the approved integrated development plan. None of the material changes made to the indicators and targets in the annual performance report were approved by following the process as prescribed in section 28 of the MFMA and	The 2017/2018 SDBIP has been fully aligned to the IDP.

Category	Audit opinion	Management actions taken to resolve findings
	without adoption by the municipal council	
	A total of 38% of indicators were not verifiable.	All POE is verified prior to submission of reports
	I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information.	All POE is verified prior to submission of reports
Strategic planning and performance management	38. The performance of the municipality were not assessed during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.	The Performance Assessments will be assessed going forward.
	The annual performance report for the year under review did not include a comparison with the previous financial year as required by section 46(1)(b) of the MSA	The Annual Performance Report for the 2016/2017 has been rectified to include this.
	The 2014-15 annual report was not tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.	The 2016/2017 Annual Report will be tabled within the prescribed timelines.
	The council failed to adopt an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.	The 2016/2017 Oversight Report will be adopted by Council within the prescribed timelines

ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2017/18 FINANCIAL YEAR											
Project name		**Name of Service provider**	**Source of funding**	**start date**	**Completion date**	**Progress to date**	**Challenges and interventions**	**Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent**			
								Quarter 1	Quarter 2	Quarter 3	Quarter 4
Lekgopung Internal roads and storm water	Consultant	Maruapula engineers	MIG	29/11/2017	29/10/2018	90%	Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment	5 design and documentation completed	4
	Contractor	Tlotlo Tlhago P. Hire		20/04/2018				No appointment	No appointment	No appointment	4
Motswedi internal roads and stormwater	Consultant	TMS Cnsultants	MIG	29/11/2017	30/09/2018	85%	Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment	3 Design completed	4
	contractor	Tlotlo Tlhago P.hire		29/05/2018				No appointment	No appointment	No appointment	4
Swartkopfontien Internal Roads and stormwater	Consultant	Maruapula engineers	MG	29/11/2017	30/11/2018	90%	Delay in implementation of the project. Intensify	No appointment	No appointment	5 design and documentation	4

							Monitoring and supervision to archive targets dates			completed	
	Contractor	K.P Baikgaki engineers		20/04/2018				No appointment	No appointment	No appointment	4
Lobatla Internal Roads and stormwater	Consultant	TMS Engineers	MIG	29/11/2017	29/10/2018	80%	Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment	3	4
	Contractor	White Leapord Construction		29/05/2018				No appointment	No appointment	No appointment	4
Mokgola Community hall	Consultant	EBUD CONSTRUCTION	MIG	29/11/2017	29/10/2018	75%	Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment	4 Design and documentation completed	3
							Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment		
	Contractor	World focus		20/04/2018				No appointment	No appointment	No appointment	3

Borakalalo Sports facility	Consultant/ contractor		MIG	08/12/2017	20/08/2018	95%	Delay in implementation of the project. Intensify Monitoring and supervision to archive targets dates	No appointment	No appointment	3	3
Supply and maintain of Printing Services	Anaka Group		26 October 2016	25 October 2019	Frequent communication is maintained. Machines are often serviced when needed	Late delivery of toners was addressed		3	4	4	4
Electrification of Households & finalization of switching station	Ingplan (DMC Consulting)	INEP	12 October 2017	31 May 2018	Completed	The as-built drawings does not correspond with the surveyor s drawings				4	5

A summary of the performance of each Directorate for the year

	Office of the MM	Corporate Services	Financial Viability	Community Services	Technical Services	Municipal Planning and Developme nt	Internal Audit	Office of the Speaker	Office of the Mayor	Overall Performanc e	Percentage
Number of planned indicators	14	18	22	15	20	9	5	12	8	123	
Number of achieved planned indicators	4	5	9	6	8	2	4	7	2	47	38%
Number of not achieved planned indicators	10	13	13	9	12	7	1	5	6	76	62%

<u>Main Reasons for poor performance (Per Directorate/Department):</u>

Corporate Services:

- Non-sitting of ordinary Council meetings to adopt strategic documents
  - ICT Strategy/ ICT Master Plan
- Challenges in filling of Senior Management positions.
- The WSP (Workplace Skills Plan) could not be implemented due t to cash flow constraints.

Technical Services

- Delay in the procurement process
- Vacancy in key management positions (Director Technical Services, PMU Manager, Manager Roads and Storm Water, as well as continuous acting in the Office of the Municipal Manager)
- Continuous breakdown of machinery due to aged yellow fleet
- Poor Collection of Revenue

Community Services

- Vacant key Management Position.
- Inadequate Revenue Collection(e.g Maintenance of Landfill sites)
- Ageing Yellow fleet

Budget and Treasury Office

- Supplementary valuations not done
- Validity of valuation roll expired 2 years ago
- Ratios not performed quarterly in terms of circular 71
- Billing not done within a month
- Budget and billing do not match on monthly basis (there are deficits on Rates, Electricity, Water, Refuse Removal and Sanitation

Municipal Planning and Development

- Vacant key Management Position.
- Delay in procurement of professional services (township establishment, land survey and environmental services) due to cash flow constraints.

Office of the Mayor

- Cash flow constraints that led to programs in the Office of the Mayor not being implemented

Office of the Speaker

- Political instability that led to non- approval of schedule of ordinary council meetings.
- Dysfunctional Executive Committee due to vacancies in the committee.

THEMATIC AREAS	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																			
KPA	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																			
OUTCOME 9	OUTPUT 6	Administrative and financial capability																		
	OUTPUT 7	A single Window of coordination																		
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	BASELINE 2016/17			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	5 CONCRETES					ANNUAL TARGET	Actual performance	Challenges experienced/reason for deviation	Corrective Measures	PORTFOLIO OF EVIDENCE	DELEGATIONS
		Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)					ACT	VTSD	RHR	SETSOKOTSANE	SAAMTREK-SAAMWERK						
Office of the Municipal Manager	Provide planning and performance management	IDP Review and process Plan approved on time	Annual approval of the IDP Review Process Plan	None	Number of IDP Review Process Plan	Output	1 IDP Review Process Plan approved by 31 August 2017	OPEX	All wards	All wards	All wards	All wards	All wards	1 IDP Review Process Plan approved by 31 August 2017	IDP Review Process Plan approved on 31 August 2017	N/A	N/A	Approved IDP Review Process Plan and Council Resolution	MM & (UM-IDP)

Office of the Municipal Manager	Provide planning and performance management	2016/2017 Review Adopted on 06 June 2017	Reviewed 2017/2018 IDP	None	Reviewed 2017/2018 IDP	Output	Reviewed 2017/2018 IDP by 31 May 2018	OPEX	All wards	All wards	All wards	All wards	All wards	Reviewed 2017/2018 IDP by 31 May 2018	Reviewed 2017/2018 IDP ON 26 June 2018	N/A	N/A	2018/2019 Reviewed IDP, council Resolution	MM+UM(IDP)
Office of the Municipal – Manager	Provide planning and performance management	2016/2017 SDBIP Approved timeously	Annual approval of the SDBIP	None	Approved SDBIP	Output	Approved SDBIP by 28 June 2018	OPEX	None	None	None	None	None	Approved SDBIP by 28 June 2018	SDBIP in draft	Late approval of the budget, i.e.28 June 2018	The SDBIP will be approved by the end of July 2018	Approved 2018/2019 SDBIP	MM+UM(PMS)
Office of the Municipal Manager	Provide planning and performance management	2016/17 Mid-Year Term Performance Reports compiled	2017/18 Mid-Year Performance Assessment Report	None	2017/18 Mid-Year Performance Assessment Report compiled approved	Output	2017/18 Mid-Year Performance Report approved by 25 January 2018	OPEX	None	None	None	None	None	2017/18 Mid-Year Performance Report approved by 25 January 2018	2017/18 Mid-Year Performance Report approved by 25 January 2018	N/A	N/A	Council Resolution and 2017/18 Mid-Year Performance Report compiled	MM+UM(PMS)
Office of the Municipal Manage	Provide planning and performance	2016/2017 Performance Agreem	2017/2018 Performance Agreeme	None	Number of Performance Agreeme	Output	8 Performance Agreements	OPEX	None	None	None	None	None	8 Performance Agreements	8 Performance Agreements	N/A	N/A	Signed Performance Agree	MM+UM(PMS)

r	manag ement	ents signed	nts		nts signed		signed by senior manager s by 31st July 2017							signed by senior manage rs by 31st July 2017	signed on 28 August 2017			ments	
Office of the Municip al Manage r	Provide plannin g and perform ance manag ement	2016/2 017 Perform ance Review s with senior manag ers	4 2017/201 8 Performa nce Reviews with senior manager s	2016/2 017 Perform ance Review s with senior manage r	Number of Performa nce Reviews with senior manager s	Output	4 Quarterly Performa nce Assessm ents held with senior manager s by 30 June 2018	OPEX	Institut ional	Insti tuti onal	None	Non e	Non e	4	0	Instability within the municipal ity	Annual Perform ance Review s will be perform ed at year end.	Perfor mance Assess ments Report	MM +UM(PMS)
Office of the Municip al Manage r	Provide plannin g and perform ance manag ement	PMS Policy not in place	PMS Policy approval	PMS policy approv al	Approved PMS Policy	Output	Approved PMS Policy by 30 Septemb er 2017	OPEX	Institut ional	Insti tuti onal	None	Non e	Non e	N/A	N/A	N/A	N/A	Appro ved PMS Policy + Counci l Resolu tion	MM+(UM-PMS)
Office of the Municip al Manage r	Provide plannin g and perform ance manag ement	82 findings resolve d (61%)	100%	None	% of Auditor General findings Resolved	Output	% of Auditor General findings Resolved by 30 June 2018	OEPE X	Institut ional	Insti tuti onal	None	Non e	Non e	% of Auditor General findings Resolve d by 30 June 2018	60%	Some findings can only be resolved by year end procedur	To be resolve d by year end proced ures	Audit Recov ery Plan	MM+r=(UM-RISK

																es.			
Office of the Municipal Manager	Provide Planning and performance management	2015/2016 Annual Report Tabled	2016/2017 Annual Report Tabling + 2014/2015 Annual Report Tabling	2014/2015 Annual Report Tabling	Tabled Annual Report	Output	Tabled 2016/2017 Annual Report by 31st January 2018	OPEX	None	None	None	None	None	Tabled 2016/2017 Annual Report by 31st January 2018	Annual Report tabled on the 28th of February 2018	Delayed caused by the AG not approving on the Annual Report in time	The Annual Report was subsequently tabled in February 28th.	Annual Report + Council Resolution for tabling	**MM+(UM-PMS)**
Office of the Municipal Manager	Provide Planning and performance management	2015/2016Oversight Report not adopted	2015/2016 &2016/2017 Oversight Report	2015/20/16 Oversight Report	Approved 2/016/2017 Oversight Report	Output	Approved 2016/2017 Oversight Report by 30 March 2018	OPEX	None	None	None	None	None	Approved 2016/2017 Oversight Report by 30 March 2018	Oversight report approved on 26 June 2018	N/A	N/A	Adopted Oversight Report and Council Resolution	**MM+(UM-MPAC)**
Office of the Municipal Manager	Promote Good Governance, Promote Public Participation	2016/2017 Risk Assessment not done	2017/2018 Risk Assessment	None	Number of Risk Assessments done	Output	2 Risk Assessment conducted by 30 June 2017	OPEX	None	None	None	None	None	2 Risk Assessments	0	N/A	N/A	Risk Assessment Register, Attendance Registers	**MM(UM RISK)**
Office of the Municipal Manage	Promote Good Governance, Promot	Risk Management Policy Framew	Risk Management Policy Frameworks	None	Reviewed Risk Management Policy Framewo	Output	Reviewed Risk Management Policy	OPEX	None	None	None	None	None	Reviewed Risk Management Policy	Not Achieved	N/A	N/A	Reviewed Risk Management	

r	e Public Participation	orks not reviewed	Review		rk		Frameworks Reviewed by 30 June 2017							Frameworks Reviewed by 30 June 2017				Policy Frameworks &Council Resolution	
Office of the MM	Promote Good Governance, Promote Public Participation	New	4 reports on anti-corruption and fraud (Disciplinary cases, UIF &W)	None	Number of reports on anti-corruption and fraud (incl disciplinary cases, UIF&W)	Output	2 reports on anti-corruption and fraud (incl disciplinary cases, UIF&W) by 30 June 2018	OPEX	None	None	None	None	None	2	0	Position of Risk Manager remains vacant	Position of Risk Manager remains vacant	2 reports and Council Resolution	
Office of the MM	Promote Good Governance, Promote Public Participation	New	Prevention of UIF&W	None	Number of reports on efforts made to Preventing UIF&W	Output	4 reports on efforts made to Preventing UIF&W by 30 June 2018	OPEX	None	None	None	None	None	1 report	0	N/A	N/A	4 reports and Council Resolution	
Office of the MM	Promote Good Governance, Promote Public Participation	New	Regular reporting on back to basics	None	Number of Reports submitted on Back to Basics	Output	Number of Reports submitted on Back to Basics by 30 June 2018	OPEX	None	None	None	None	Regular reporting on back to basi	4 report	4 reports	N/A	N/A	4 reports and Acknowledgement of Receipt	**MM+(UM-COM)**

													cs						
Office of the Municipal Manager	To enhance communication and public participation	4	None	None	Number of external municipal Newsletters	output	4 copies of external newsletters by 30 June 2018	R 210 000	To profile activities on ACT performed by Municipal Officials and Councillors	profile activities on VTDS performed by Municipal Officials and Councillors	To profile activities on RHR performed by Municipal Officials and Councillors	To profile Setsokotsane activities within the Institution	To profile programmes/	4 newsletters	0	N/A	N/A	Copies of newsletters	MM(UM-COM)

THEMATIC AREAS	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																			
KPA	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																			
OUTCOME 9	OUTPUT 6	Administrative and financial capability																		
	OUTPUT 7	A single Window of coordination																		
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	BASELINE 2016/17			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Expenditure	5 CONCRETES					first quarter Target	Actual performance	Challenges experienced/reason for deviation	Corrective Measures	PORTFOLIO OF EVIDENCE	DELEGATIONS
		Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)						ACT	VTSD	RHR	SETSOKOTSANE	SAAMTREK-SAAMWERK						
Corporate Services	Provide Records Management services	2016/2017 File Plan not reviewed	2017/2018 File Plan review	None	Reviewed File Plan	Output	Reviewed File Plan by 30 September 2017	OPEX	NA	None	None	None	None	None	Reviewed File Plan by 30 September 2017	File plan not reviewed	The File plan was not tabled due to non-sitting of the council	The file plan to be tabled council	Reviewed File plan and Council Res	DCS + UM(RECORDS)

																			oluti on	
Corpo rate servic es+	Provide legal services	No of litigatio n	4 reports submitte d to Council	Nil	Number of reports on litigations and claims for and against the Municipal ity	Output	4 reports by 30 June 2018	4 500 000	NA	Non e	None	Non e	Non e	Non e	4 report	4	N/A	N/A	Leg al corr esp ond enc e and rep orts	**DCS+(UM+HR)**
Corpo rate Servic es	Sound Labor Practice	No grievan ces receive d	30 days in respondi ng to grievance s	None	Turnarou nd time in handling grievance s	Output	30 days	OPEX		Non e	None	Non e	Non e	Non e	30 DAYS	0	No grievance s reviewed	N/A	Grie van ce Rep orts	**DCR+(UM-LM)**
Corpo rate Servic es	To Recruit and retain talented employee s	4 senior manag ers position s vacant	4 senior manage ment positions	4 senior manage ment position s	Number of S57/56 posts filled 2017	Output	4 senior manager s posts filled by 30 Septemb er 2017 (MM, CFO, Dir Corp, Dir LED) by 30 Septemb er 2017	OPEX (Salar ies)		Pro moti on of tour ism	Instit ution al	Rest ore d stab ility in the Mun icip ality	Non e	Non e	4 senior manag ers posts filled by 30 Sept20 17 (MM, CFO, Dir Corp, Dir LED) by 30 Septem ber 2017	Not Achieve d, 2 position s filled	Lack of timeous response form The LG Departm ent & SALGA	To appoi nt in the new financ ial year (2018 /19)	Rec ruit men t rep ort and app oint men t lett ers.	**DCS+(UM-HR)**

Corporate Services	Maintain halls and Buildings	Maintenance plan in place	Reviewed maintenance Plan 2017/2018	None	Reviewed maintenance plan for halls and buildings	Output	Reviewed maintenance plan for halls and buildings by 30 September 2017	OPEX		None	Wards 16 – Zeerust, Ward 15, Ikageleng and ward 19- Groot Marico, ward 12- Lehurutshe.	None	None	None	Reviewed Maintenance Plan	Not Achieved	The Maintenance plan was not tabled due to non-sitting of the council	The maintenance plan to be tabled council in the new financial year 2018/19	Reviewed maintenance plan and Council Resolution	**DCS+(UM-LOG)**
Corporate Services	To recruit and retain talented staff	8 posts filled	44 posts	44 posts	Number of funded vacant posts filled as in approved organogram	Output	9 posts by 30 June 2018	OPEX		Promotion of tourism	Institutional	Restored stability in the Municipality	None	None	9	Not Achieved	Due to cash constraints experienced by the Municipality, some posts could not be filled	2 posts have been shortlisted and will be appointed July 2018	Recruitment report and appointment letters.	**DCS+(UM+UM-HR)**
Corporate Services	Sound Labor Practice	1Meetingheld	7 Meetings	3 Meetings	Number of Local Labour Forum meetings held	Output	4 Meetings by 30 June 2018	OPEX		None	Institutional	Happy Employees	Accelerating of labour related mat	Cordial working relations	4 Meetings	Achieved	N/A	N/A	Attendance Registers and Minutes	**DCS+SDF**

													ters						of meeting	
Corporate Services	Promote Learning and innovation	270 Officials trained	229 Officials to be trained	229 Officials	Number of officials trained	Output	229 Officials trained by 30 June 2018	OPEX		None	None	Improve skills in the organization	None	None	229 Officials	Not Achieved	Lack of adequate financial resources	To source enough financial resources to cater for all councillors/ solicit training intervention from stakeholders	Training Reports	**DCS+SDF**
Corporate Services	Promote Learning and innovation	38 councillors trained	38 Councilors	None	Number of councillors trained	Output	38 Councillors trained by 30 June 2018	1 000 000		None	None	Improve skill within the organization	None	None	10 Councillors	Not Achieved	Lack of adequate financial resources	To source enough financial resources to cater	Training Reports	**DCS+SDF**

																		for all councillors/ solicit training intervention from stakeholders		
Corporate Services	*Recruit and retain talented staff*	*Interns posts vacant*	*10*	*10*	*Number of interns appointed*	*Output*	*10 Interns appointed by 30 September 2017*	*1 000 000*		*None*	*None*	*Experiential learning*	*None*	*None*	*10*	*Achieved*	*N/A*	*N/A*	*Recruitment Reports and Appointment letter, Contract of employment*	***DCS+(UM-HR)***

Corporate Services	*Effective management of complaints*	*New*	*Effective management of complaints*	*None*	*% functional complaint management system*	*Output*	*100% by 30 June 2018*	*OPEX*		*None*	*None*	*high Employee morale*	*None*	*Harmonious working relations*	*100%*	*Not Achieved*	*Unavailability of top administrative structure, i.e MM & HOD's*	*Expedite appointment of top layer structure, i.e MM & HOD's*	*Compliant management Report*	***DCS***
Corporate Services	*To Achieve positive Employee climate*	*New Plan*	*OHS Plan*	*NONE*	*Number of OHS Plan developed*	*Output*	*1 OHS Plan developed by 30 June 2018*	*OPEX*		*None*	*Institutional*	*Improved working conditions for employees*	*None*	*None*	*1 OHS Plan developed by 31 Dec*	*Not Achieved*	*No assigned official to conduct OHS plan*	*Expedite the appointment of OHS officer*	*Approved OHS Plan (sign off by MM)*	
Corporate Services	*To Achieve positive Employee climate*	*No OHS inspections conducted*	*8 OHS inspections*	*4*	*Number of OHS inspections conducted*	*Output*	*4 OHS inspections conducted by 30 June 2018*	*OPEX*		*None*	*Institutional*	*None*	*None*	*None*	*4 OHS inspections conducted*	*Not Achieved*	*No assigned official to conduct OHS inspections*	*Expedite the appointment of OHS officer*	*OHS Inspection report and Council Resolution*	***DCS +(OHS)***

Corporate Services	*To Achieve positive Employee climate*	*New*	*246*	*492 Employees needing Protective uniform (PPE)*	*Number of employees provided with cleaning uniform (PPE)*	*Output*	*492 provided with Protective uniform (PPE) by 31 March 2018*	*428 000*		*None*	*Institutional*	*Condusive working relations*	*None*	*None*	*496 employees provided with Protective uniform (PPE) by 30 September 2017*	*Achieved*	*N/A*	*N/A*	*Report on PPE provided & Council Resolution*	***DCS***
Corporate Services		*IT Master Systems Plan in place*	*IT Master System Review*	*None*	*Reviewed ICT Master Systems Plan*	*Output*	*Reviewed ICT Master Systems Plan by 31 December 2017*	*250 000*		*None*	*None*	*None*	*None*	*None*	*Reviewed ICT Master Systems Plan by 31 December 2017*	*The ICT Master Systems Plan not reviewed*	*Cash constraints experienced by the Municipality*	*Reallocate funds for the project*	*Approved Master Systems Plan and Council Resolution*	***MM&PMS***
Corporate Services	*To Improve Technology Efficiency*	*Operational Disaster Recovery (ODR) & Business*	*Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP) to be*	*Nil*	*Reviewed Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP)*	*Output*	*Reviewed Operational Disaster Recovery (ODR) & Business Continuity Plan (BCP) by*	*250 000*		*None*	*None*	*None*	*None*	*None*	*Reviewed Operational Disaster Recovery (ODR) &*	*Operational disaster recovery and Business continuity not reviewe*	*Cash constraints experienced by the Municipality*	*Reallocate funds for the project*	*Approved Operational Disaster Recover*	***DCS***

		Continuity Plan (BCP) in place	reviewed				31 December 2017								Business Continuity Plan (BCP) by 31 December 2017	r			y (ODR) & Business Continuity Plan (BCP)	
Corporate Services	To promote Learning and innovation	Timeous submission report on the workplace skills plan submitted to LGSETA	Timeous submission report on the workplace skills plan submitted to LGSETA by 30 April 2018	Nil	Number of workplace skills plan submitted to LGSETA	Output	1 workplace skills plan submitted to LGSETA by 30 April 2018	OPEX		None	Institutional	None	None	None	1 workplace skills plan submitted to LGSETA by 30 April 2018	Achieved	N/A	N/A	Workplace skills plan and acknowledgement of receipt	**DCS+(SDF)**
Good Governance and Public Participation	Promote Good Governance, Promote Public Participation	New	Prevention of UIF&W	None	Number of reports submitted on prevention of UIF&W	Output	4 reports on efforts made to Preventing UIF&W by 30 June 2018	OPEX		None	None	None	None	None	4 Report	0	N/A	N/A	4 Reports	**DCS**

THEMATIC AREA	**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**																			
KPA	**BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**																			
OUTCOME 9	**OUTPUT 2**																			
	OUTPUT 4																			
FUNCTIONAL AREA	**STRATEGIC OBJECTIVE**	**BASELINE 2016/17**			**KEY PERFORMANCE INDICATOR**	**KPI TYPE**	**ANNUAL TARGET**	**BUDGET**		**5 CONCRETES**					**ANNUAL TARGET**	**Actual performance**	**Challenges experienced/reason for deviation**	**Corrective Measures**	**PORTFOLIO OF EVIDENCE**	**DELEGATIONS**
		Current status (Progress to date)	**Demand (MFMA Circular 63)**	**Backlog (MFMA Circular 63)**					**Actual Expenditure**	**ACT**	**VTSD**	**RHR**	**SETSOKOTSANE**	**SAAMTREK-SAAMWERK**						
Technical Services	*To upgrade Roads*	*3 Roads upgraded during 2016/2017*	*7 Roads to be upgraded*	*2 Roads (*	*Number of roads upgraded (1km in Lekgophung, Zeerust 1.2km, Motswedi – 1km,*	*Output*	*5 Roads upgraded 2018 (1km in Lekgophung, Zeerust 1.2km, Motswedi – 1km, Swartkopfontein – 1,1KM, Lobatla –*	*29 000 000*		*Promotion of tourism*	*Lekgophung, Zeerust, Motswedi, Swartko*	*Improved health and accesibility*	*None*	*Appointed consultant/ contractor to subcontract SMME. DL+H*	*5 Roads upgraded 2018 (1km in Lekgophung, Zeerust 1.2km, Motswedi – 1km, Swartkopfontein –*	*Road bed, sub-base, base layers completed for all projects*	*Late implementation of projects*	*Monitoring and supervision of the projects to be intensified to achieve the delivera*	*Completion certificate*	***DTS+PMU***

					Swartkopfontein – 1,1KM, Lobatla – 1,1km)		1,1km) by 30 June 2018				pfontein – KM, Lobatla			S, COGTA.	1,1KM, Lobatla – 1,1km) by 30 June 2018			bles		
Technical Service	To Provide Community Facilities	Borakallo Sports Facility in place	Rehabilitation of Borakallo Sports Facility	Nil	Number of Sports fields rehabilitated	Output	1 Sports fields rehabilitated at Borakallo by 31 December 2017	7 247 000		Access to sports and cultural activities	Ward – Ward 4 - Borakallo	Reduction social ills	None	Appointed consultant/ contractor to subcontract SMME. DL+HS, COGTA.	1 Sports fields rehabilitated at Borakallo by 31 December 2017	Ablution bock, revamp tennis and netball courts, grassing, grand stand, change room.	Late implementation of the projects	Monitoring and supervision of the projects to be intensified to achieve the deliverables in time	Completion certificate	DTS+PMU
Technical Services	To Maintain Roads	112KM OF Road bladed	100km	Nil	Number of kilometres of roads bladed	Output	100 kilometres of roads bladed by 30 Jun 2018	OPEX		All wards	None	None	None	None	100 KM roads bladed	34.4km road bladed	Continuous equipment breakdown	Procurement of new machinery	Job cards and Council Resolution	DTS+UIM ROADS
Technical Services	To Maintain Roads	5.5km regravelled during 2016/2017	5km of Road to be regravelled	Nil	Number of kilometers of roads re-	Output	4km of roads re-gravelled by 30 June 2018	OPEX		Safe roads and accessibility to	None	To promote tourism	None	None	4 KM of roads re-graveled	3.7km	Continuous equipment breakdown	Procuremen0t of new machinery	Re-gravelling report	DTS+UIM ROADS

					graveled					all		and accessibility								
Technical Services	Maintaining Roads	3634m2 of roads patched during 2016/2017	4366m2 of road needing patching	366 m2	Square meters of roads patched	Output	4366m2 of Road patched by 30 June 2018	OPEX		Safe roads and accessibility to all	None	To promote tourism and accessibility	None	None	4366m2 Road patched by June 2018	4624m2	N/A	N/A	Road patching report	DTS
Technical Services	Maintaining Roads	6790m2 of storm water maintained	6000m2 storm water maintenance	Nil	Square meters of storm-water maintained	Output	6000m2 storm-water maintained by 30 June 2018	OPEX		N/A	N/A	N/A	None	None	6000m2 storm-water maintained	6081M2	N/A	N/A	Storm water maintenance report	DTS
Technical Services	To Provide Community Facilities	0	2 halls	1 hall	Number of Community Halls completed at Mokgola Village	Output	1 Community Halls completed at Mokgola Village by 30 June 2018	5 300 000		Mokgola Village	Mokgola Village	Mokgola Village	Mokgola Village	Mokgola Village	1 Community Halls completed at Mokgola Village by 30 June 2018	Foundation, walls, wall plate, roofing, borehole, fencing and plusteri	Delay in implementation of the project	Monitoring and supervision of the projects to be intensified to achieve the	Completion Certificate	DCS +PMU

																ng.		delivera bles in time.		
Tech nical Servi ces	Provision of electrical Infrastruc ture	260 Houses connecte d with electricity in Kruisrivie r Phse 1	798 Househol ds	0	Number of househo lds energize d (Henryvi lle Phase 1 – 72HH, IKagele ng Ext 3 – 496HH, Kruisrevi er phase 2- 230HH)	Output	798 household s energized (Henryville Phase 1 – 72HH, IKageleng Ext 3 – 496HH, Kruisrevier phase 2- 230HH) by 30 June 2018	14 40 2 000		None	War d 15(Hen ryvil le Pha se 1, Ikag elen g ext 3, Krui srev ier pha se 2)	To pro mot e bett er life for all.	Non e	Appoi nted contr actor to partn er with local SMME s	798 househol ds energize d (Henryvill e Phase 1 – 72HH, IKagelen g Ext 3 – 496HH, Kruisrevi er phase 2- 230HH) by 30 June 2018	Kruisrivi er-230 connect ion Henryvi lle- 75 connect ions achieve d	Planned connectio ns not done at Ikagelen g due to funds being withdraw	496 connecti ons in Ikagelen g wil be done during 2018/19	Co mpl etio n Cert ifica te	DTS+IIM FLC
Tech nical Servi ces	To maintain water infrastruc ture	27 water connectio ns done during 2016/201 7	100% of connectio ns of all applicatio ns received	0	Completi on of the Zeerust substati on	Output	Construct ed the Zeerust switching station by 31st Decembe r 2017	OPEX		Prom otion of touri sm	War ds 15 and 16	Tre atin g peo ple fairl y	Non e	None	Construct ed the Zeerust switching station by 31st Decembe r 2017	Not Achieve d	Delay in delivery of material	Procum bent of store material s	Con nec tion rep ort, appl icati on regi ster s.	DTS+IIM(WATER)

Technical Services	To maintain water infrastructure	80 electrical connections completed	100% of connections of all applications received	0	Percentage of electrical connections (as and when applications are received) completed	Output	100%	OPEX		Promotion of tourism	Wards 15 and 16	Treating people fairly	None	None	100%	Not achieved	Store materials	Procument of materials	Connection report, application registers.	DTS+UIM(WATER)
Technical Services	To maintain water infrastructure	Maintenance Plan in place	Review of maintenance plan	None	Percentage of water connections (as and when applications are received) completed	Output	100%	OPEX		Promotion of tourism	All wards	Treating people fairly	None	None	100%	Not achieved	Store materials	Procument of materials	Approved Water and Sanitation maintenance plan	DTS+UIM(WATER)
Technical Services	To provide water	100%	100%	None	Percentage of sewer connections (as and when applications are	Output	100%	OPEX		None	Ward 15, Zeerust	None	None	None	None	Not achieved	Store materials	Procument of materials	Register of new connections	DTS+UIM(WATER)

					received) completed															
Technical Services	Provide Sanitation	9120 hh	275households	None	Reviewed Water and Sanitation services maintenance plans reviewed BY 30 June 2018	Output	Reviewed Water and Sanitation services maintenance plans reviewed BY 30 June 2018	OPEX		None	Ward 15, Zeerust	None	None	None	Reviewed Water and Sanitation services maintenance plans reviewed BY 30 June 2018	Not achieved	N/A	N/A	Register of new connections	DTS+UMEIec)
Technical Services	To provide water	9120 Households	10 stand pipes @RDP Standard	None	Number of households with access to water	Output	275 Households with access to basic water by 30 June 2018	OPEX		None	Ward 15, Zeerust	None	None	None	275	275	N/A	N/A	Register of new connections	DTS+UMEIec)
Technical Services	Provide Electricity	9120 Households	275 households	None	Number of households with access to Electricity	Output	275 Households with access to basic electricity by 30 June 2018	Opex		None	Ward 15, Zeerust	None	None	None	275	275	N/A	N/A	Register of new connections	

Technical Services	Provide sanitation	9120 Households	275 households	None	Number of households with access to Sanitation	Output	275 Households with access to basic sanitation by 30 June 2018	OPEX		None	Ward 15, Zeerust	None	None	None	275	275	N/A	N/A	Register of new connections	
Technical Services	Provide electricity	1422	1422	None	Number of beneficiaries receiving free basic electricity	Output	7263 beneficiaries receiving free basic Electricity by 30 June 2018	OPEX		None	Ward 15, Zeerust	None	None	None	1442	1442	N/A	N/A	Job Cards	DCM
Technical Services	Provide water	1422	1422	None	Number of beneficiaries receiving free basic water	Output	1442 beneficiaries receiving free basic Water by 30 June 2018	OPEX		None	Ward 15, Zeerust	None	None	None	1442	1442	N/A	N/A	Job Cards	DCM
Technical Services	Provide sewer	1801	1801	None	Number of beneficiaries receiving free	Output	1810 beneficiaries receiving free basic	OPEX		None	Ward 15, Zeerust	None	None	None	1810	1810	N/A	N/A	Job Cards	DCM

					basic sewer		sewer by 30 June 2018													
Good governance and Public Participation	Promote Good Governance, Promote Public Participation	New	Prevention of UIF&W	1None	Number of reports on efforts made to Preventing UIF&W	Output	4 reports on efforts made to Preventing UIF&W by 30 June 2018	OPEX		None	None	None	None	None	1 Report	Not achieved	N/A	N/A	4 Reports	DTS

KPA	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT																				
OUTCOME 9	OUTPUT 2																				
	OUTPUT 4																				
FUNCTIONAL AREA	STRATEGIC OBJECTIVE	BASELINE 2016/17			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Actual Expenditure	5 CONCRETES					ANNUAL TARGET	Actual performance	Challenges experienced /reason for deviation	Corrective Measures	PORTFOLIO OF EVIDENCE	DELEGATIONS
		Current status (Progress to date)	Demand (MFMA Circular 63)	Backlog (MFMA Circular 63)						ACT	VTSD	RHR	SETSOKOTSANE	SAAMTREK-SAAMWERK						
Community Services	To provide public safety	CCTV cameras not in place	4 CCTV Cameras	Nil	Number of CCTV Cameras installed	Output	4 CCTV Cameras installed by 30 March 2018	120 000		None	Institutional	None	None	None	4 CCTV Cameras installed by 30 March 2018	ADVERTIZING STAGE	Cash constrains	To be considered during 2018/2019	Completion certificate	DCS

Community Services	To provide public safety	4 environmental awareness campaigns held during 2016/2017	12 Environmental awareness campaign	Nil	Number of environmental awareness campaigns held	Output	12 environmental awareness campaigns held by 30 June 2018	OPEX		None	All wards	Promotes Social cohesion and reduces conflicts	None	None	12 campaigns	0 CAMPAIGNS	Unavailability of youth in waste beneficiaries from local government	To request youth in waste beneficiaries from local government	Attendance Register	**DCS+(UM-PARKS)**
Community Services	Provide community facilities	1 Recreation park at Lehurutshe	38 areas zoned	38 areas zoned	Number of Recreational Parks completed at Ikageleng	Output	1 Recreational Park completed at Ikageleng by 31 December 2017	620,000		None	Ikageleng	None	None	None	1 Recreational Park completed at Ikageleng by 31 December 2017	1 Recreational parks	N/A	N/A	Completion Certificate	**DTS+(UM-PARKS)**
Community Services	Provide community facilities	No Cemeteries fenced during the 2016/2017	3 cemeteries	Nil	Number of Cemeteries fenced	Output	3 Cemeteries fenced by 30 June 2018	99 000		None	Ward 14 (Khunotswana), Ward 3 (Driefontein) Ward 8 -	None	None	None	3 Cemeteries fenced by 30 June 2018	Not Achieved	Cash constrains experienced by the municipality	To be considered during 2018/2019	Picture and reports	**DCOMS +UM(Parks**

											(lekubung)									
Community Services	Provide community facilities	New	Sports Facilities	Nil	Number of Sports fields rehabilitated	Output	2 Sports fields rehabilitated by 30 June 2018	99 996		None	Ward 15 (IKagelang) Ward 8(Lekubung)	None	None	None	2 Sports fields rehabilitated by 30 June 2018	Not Achieved	Cash constrains experienced by the municipality	To be considered during 2018/2019	Completion Certificate	**DCOMS +UIM(Parks&Environment)**
Community Services	Provide community facilities	16 Operations conducted during 2016/2017	16 Operations	Nil	Number of joint public safety operations conducted	Output	16 joint public safety operations conducted BY 30 June 2018	OPEX		None	Ward 16(Zeerust) and Ward 19 (Groot Marico)	None	None	None	16 joint public safety operations conducted	Achieved, 16 joint public safety operations	N/A	N/A	Joint Operations Reports	**DCOMS**
Community Services	Provide community facilities	No Maintenance of park during 2016/2017	1 park maintenance	None	Number of quarterly maintenance for community parks	Output	1 park maintained quarterly by 30 June 2018	191 1 60		None	1 park in	None	None	None	1 park maintained quarterly by 30 June 2018	Achieved	N/A	N/A	Completion Certificate	**DCOM+(UIM-LOG)**

Community Services	*Provide community facilities*	*New*	*4 Pest control*	*None*	*Number of pest control conducted*	*Output*	*4 pest control conducted by 30 June 2018*	*90 000*		*None*	*Grootmarico (ward 19) +zeerust (16) +lehurutshe (12+19) +Ikagelenng (ward*	*None*	*None*	*None*	*4 pest control conducted by 30 June 2018*	*Not Achieved*	*Cash constrains experienced by the municipality*	*To be considered during 2018/2019*	*Completion Certificate*	***DCOMS***
Community Services	*Provide community facilities*	*EIA not conducted for Cemeteries in Groot Marico*	*EIA for Cemeteries in Groot Marico*	*EIA for Cemeteries in Groot Marico*	*Number of EIA conducted for cemeteries in Groot Marico*	*Output*	*1 EIA conducted for cemeteries in Groot Marico by 30 June 2018*	*600 000*		*None*	*Groot Marico*	*None*	*None*	*None*	*1 EIA conducted for cemeteries in Groot Marico by 30 June 2018*	*Not Achieved*	*Cash constrains experienced by the municipality*	*To be considered during 2018/2019*	*Completion Certificate*	***DCOM***
Community Services	*Provide community facilities*	*Library in Groot Marico not renovated*	*Renovation of Groot Marico Library*	*Renovation of Groot Marico Library*	*Number of Libraries Renovated at Groot Marico*	*Output*	*1 Library Renovated at Groot Marico by 30 April 2018*	*249 996*		*None*	*Groot Marico – ward 19*	*None*	*None*	*None*	*1 Library Renovated at Groot Marico by 30 April 2018*	*Not achieved*	*Delays in appointment of service provider*	*Service provider to be appointed*	*Completion Certificate*	***DCOMS***

Community Services	Provide community facilities	New	1 Carport to be erected	Nil	Number of carports erected at the main Building	Output	1 carport erected at the main Building by 30 April 2018	49 992		None	Ward 12 (Leurutshe library)	None	None	None	1 carport erected at the main Building by 30 April 2018	Not Achieved	Cash constrains experienced by the municipality	To be considered during 2018/2019	Completion Certificate	DCOMS
Community Services	Provide Security	New	Personal Suitability checks	None	Number of Personal Suitability Checks made	Output	16 checks by 30 June 2018	OPEX		None	None	None	None	None	16 checks by 30 June 2018	8 checks Not achieved.	Only 8 requests were submitted	Attend to all requests	Screening Reports	DCS+(UM-SEC)
Community Services	Provide Security	New	12 Meetings	None	Number of joint Operational(tshirelelo security +Rmlm) meetings	Output	12 Meetings by 30 June 2018	OPEX		None	All wards	None	None	None	12 Meetings	Not achieved. 3 meetings	Unavailability of stakeholders	Proper coordination of stakeholders	Attendance Register and Minutes of Meetings	DCS+(UM-SEC)
Community Services	Provide refuse removal services	1801	1801	None	Number of beneficiaries receiving free basic	Output	1801 beneficiaries receiving Refuse removal services	OPEX		None	Ward 15, Zeerust, ward 16, 12,1	None	None	None	1801	1801	N/A	N/A	Job Cards	DCS

					Refuse removal services		by 30 June 2018				7.									
Community Services	Promote Good Governance, Promote Public Participation	New	Prevention of UIF&W	None	Number of reports on efforts made to Preventing UIF&W	Output	4 reports on efforts made to Preventing UIF&W by 30 June 2018	OPEX		None	None	None	None	None	4 Report	Not Achieved	N/A	N/A	4 Reports	DCS

NATIONAL LG PRIORITIES	***ENSURE SUSTAINABLE RESOURCE MANAGEMENT AND USE.***																				
KPA	***MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT***																				
OUTCOME 9	***OUTPUT 1***	***A POLICY FRAMEWORK THAT PROVIDES FOR A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT IS IMPLEMENTED***																			
	OUTPUT 6	***ADMINISTRATIVE AND FINANCIAL CAPABILITIES OF MUNICIPALITIES ARE ENHANCED***																			
FUNCTIONAL AREA	***STRATEGIC OBJECTIVE***	***BASELINE 2016/17***			***KEY PERFORMANCE INDICATOR***	***KPI TYPE***	***ANNUAL TARGET***	***BUDGET***	***Actual Expenditure***	***5 CONCRETES***					***QUARTERLY TARGETS***	***Actual performance***	***Challenges experienced /reason for deviation***	***Corrective Measures***	***PORTFOLIO OF EVIDENCE***	***DELEGATIONS***
		Current status (Progress to date)	***Demand (MFMA Circular 63)***	***Backlog (MFMA Circular 63)***						***ACT***	***VTSD***	***RHR***	***SETSOKOTSANE***	***SAAMTREK-SAAMWERK***						
Budget and Treasury	*To achieve clean audit*	*1 AFS submitted by 31 Aug 2016*	*1 AFS to be submitted by 31 Aug 2017*	*Nil*	*Number of AFS submitted*	*Output*	*1 AFS submitted to the AGSA by 31*	*R4,156, 900*		*None*	*None*	*None*	*None*	*None*	*1 AFS submitted to the AGSA by 31 August*	*Achieved*	*N/A*	*N/A*	*Acknowledgment of*	***CFO***

					to the AG.		August 2017								2017				Receipt by the AGSA	
Budget and Treasury	To achieve clean audit	Adjustment budget for 2016/17 tabled on 31 January 2017	2017/18 adjustment budget	Nil	2017/18 adjustment budget developed and approved	Output	2017/18 adjustment budget developed and approved by 31 January 2018	OPEX		None	None	None	Improved service delivery to communities	None	2017/18 adjustment budget developed and approved by 31 January 2018	Achieved	None	None	Council resolution and	CEO
Budget and Treasury	To achieve clean audit	2017/18 budget approved on 06 June 2017	2018/19 budget to be approved by 31 May 2018	Nil	2018/19 adjustment budget approved	Output	Approved 2018/19 budget by 31 May 2018	OPEX		None	None	None	Improved service delivery to communities	None	None	Achieved in June 2018	IDP was not ready	Budget to be aligned to IDP	Council Resolution and Approved 2018/19 budget	CEO
BTO	To achieve clean audit	New	4 Reports on Implementation of MSCOA	Nil	Number of reports on implement	Output	4 reports on implementation of MSCOA	OPEX		None	institutional	None	Improved and standard	None	4 report on implementation of MSCOA	Achieved	N/A	N/A	4 Reports on Implem	CEO + HM-COM

					ation of MSCOA		by 31 June 2018						reporting to council and users of financial statements						entation of MSCOA	
Budget and Treasury	To provide financial excellence	Financial viability as expressed by the ratios per semester	Acceptable norm of financial viability ratios per semester	Nil	Acceptable norm of financial viability ratios per semester	Output	Acceptable norm of financial viability ratios per semester	OPEX		None	None	None	None	None	Acceptable norm of financial viability ratios per semester	Not Achieved	Quarterly AFS not done	Accountants to be appointed	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	Debt coverage ratio	1.15-1.35	None	Debt coverage ratio	Output	5 by June 2018	OPEX		None	None	None	None	None	5 by June 2018	Not Achieved	Quarterly AFS not done	Accountants to be appointed	financial viability ratios report	

Budget and Treasury	To provide financial excellence	176 days	30 Days	None	Net Debtors Days by 30 June 2018	Output	30 days	OPEX		None	None	None	None	None	30 days	Not Achieved	Quarterly AFs not done	Accountants to be appointed	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	1-3 months	0 months	None	Cash/ Cost Coverage	Output	2 months	OPEX		None	None	None	None	None	2 months	Not Achieved	Quarterly AFS not done	Accountants to be appointed	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	1.5-2.1	0.79		Current ratio	Output	1.5	OPEX		None	None	None	None	None	1.5	Not Achieved	Quarterly AFS not done	Accountants to be appointed	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	45%	4%	None	Outstanding debtors to revenue	Output	10%	OPEX		None	None	None	None	None	10%	Not Achieved	Quarterly AFS not done	Accountants to be appointed	financial viability ratios report	CFO

Budget and Treasury	To provide financial excellence	100 % of MIG expenditure by 30 June 2017	100 % of MIG expenditure by 30 June 2018	None	% spending of MIG grants by 30 June 2018	Output	100 % of MIG expenditure by 30 June 2018	R45 033 000		None	None	None	Accelerated infrastructure development	None	100%	Not Achieved 94%	Delays in procurement processes	Procurement plans to be developed	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	2% of own revenue growth by 30 June 2017	% of own revenue growth by 31 March 2018	None	Percentage of revenue growth	Output	20% of own revenue growth by 31 March 2018	OPEX		None	None	None	Revenue enhancement	None	20% of own revenue growth by 31 March 2018	Not Achieved	Some Debtors did not hour their monthly Accounts and Incentive schemes	Strict implementation of Credit Control and Debt Collection policy	financial viability ratios report	CFO
Good governance and public participation	Promote Good Governance, Promote Public Participation	New	Prevention of UIF&W	None	Number of reports on prevention of UIF&W	Output	4 reports on efforts made to Preventing UIF&W by 30 June 2018	OPEX		None	None	None	None	None	4 reports	Achieved	None	None	4 reports	CFO

Budget and Treasury	To provide financial excellence	0.% of Unauthorised, Irregular, Fruitless and Wasteful expenditure resolved by 30 June 2017	100.% of Unauthorised, Irregular, Fruitless and Wasteful expenditure resolved by 30 June 2018	None	Percentage of UIF Resolved	Output	100.% of Unauthorised, Irregular, Fruitless and Wasteful expenditure resolved by 30 June 2018	OPEX		None	None	None	None	None	100.% of Unauthorised, Irregular, Fruitless and Wasteful expenditure resolved by 30 June 2018	Achieved	None	None	REPORT ON UIF	CEO
Budget and Treasury	To provide financial excellence	100% of OPEX spent by 30 June 2017	100% of OPEX spent by 30 June 2018	None	Percentage of OPEX spent	Output	100% of OPEX spent by 30 June 2018	OPEX		None	None	None	None	None	100% of OPEX spent by 30 June 2018	Not Achieved	Cash Flow challenges	Strict implementation of Credit control and Debt Collection Policy	financial viability ratios report	CEO
Budget and Treasury	To provide financial excellence	100.% of repairs and maintenance by 30 June 2017	100.% of repairs and maintenance by 30 June 2017	None	Percentage of repairs and maintenance spent	OUTPUT	100.% of repairs and maintenance by 30 June 2018	OPEX		None	None	None	Accelerate services delivery	None	100.% of repairs and maintenance by 30 June 2018	Not Achieved	Cash Flow challenges	Strict implementation of Credit control and Debt Collec	financial viability ratios report	CEO

																		tion Policy		
Budget and Treasury	To provide financial excellence	100% of CAPEX spent by 30 June 2017	100% of CAPEX spent by 30 June 2017	None	Percentage of CAPEX spent	OUTPUT	100% of CAPEX spent by 30 June 2018	None		None	None	None	Accelerate services delivery	None	100% of CAPEX spent by 30 June 2018	Not Achieved 94%	Delays in SCM processes	Development of procurement plan	financial viability ratios report	CFO
Budget and Treasury	To provide financial excellence	New	Meter Audit to be conducted and completed by 31 June 2018	Nil	Number of meter audits to be conducted	Output	1 Meter Audit conducted and completed by 31 June 2018	2 000 000		None	None	None	Revenue enhancement	None	1 Meter Audit conducted and completed by 31 June 2018	Cash Flow Challenges	Debtors not responding monthly accounts and incentive schemes	Strict implementation of Credit control and Debt Collection Policy	Meter Audit Report, Council Resolution	CFO
Budget and Treasury	To enhance revenue collection	New	Revenue Enhancement Strategy	Nil	Number of Revenue enhancement strategy developed	Output	1 Revenue Enhancement Strategy Developed and approved by 31 June 2018	200 000		None	None	None	Revenue enhancement	None	1 Revenue Enhancement Strategy Developed and approved by 31 June 2018	Achieved	None	None	Approved Revenue Enhancement Strategy and Cou	CFO

																			ncil Resolution	
Budget and Treasury	To comply with legislation	12 monthly MFMA Sec 71 Reports submitted to the Mayor, PT and NT by 31 June 2017	12 monthly MFMA Sec 71 Reports submitted to the Mayor, PT and NT by 31 June 2018	Nil	Number of sec 71 reports submitted to Mayor, PT and NT	Output	12 monthly MFMA Sec 71 Reports submitted to the Mayor, PT and NT by 30 June 2018	OPEX		None	None	None	None	None	12 monthly MFMA Sec 71 Reports submitted to the Mayor, PT and NT by 30 June 2018	Achieved	None	None	Acknowledgement of Receipt	CEO +IMIEIN REPORTING
Budget and Treasury	To comply with legislation	2017/2018 tabled draft Budget on 07 April 2017	2018/2019 draft Budget to be tabled by 31 March 2018	Nil	Number of draft budget tabled	Output	1 2018/2019 draft Budget Tabled by 31 March 2018	Total draft budget amount		NONE	none	NONE	Improved services delivery	None	1 2018/2019 draft Budget Tabled by 31 March 2018	Achieved	None	None	Draft 2018/2019 Annual Budget and Council Resolution	CEO
Budget and Treasury	To comply with legislation	4 physical verification of assets	4 physical verification of assets to be conducted	Nil	Number of physical verific		4 physical verification of assets to	OPEX		None	None	None	Accountability and	None	4 physical verification of assets conducted	Achieved	N/A	N/A	Physical Verification	CFO

		conducted during 2016/2017	*by 30 June 2018*		*ations conducted*		*be conducted by 30 June 2018*						*prudent utilisation of funds*						*Report*	

THEMATIC AREAS																			
KPA	**SPEED UP ECONOMIC GROWTH AND TRANSFORM THE ECONOMY TO CREATE DECENT WORK AND SUSTAINABLE LIVELIHOODS**																		
OUTCOME 9	**OUTPUT 2**	**IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME**																	
	OUTPUT 4	**IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT**																	
FUNCTIONAL AREA	**STRATEGIC OBJECTIVE**	**BASELINE 2015/16**			**KEY PERFORMANCE INDICATOR**	**KPI TYPE**	**REVISED ANNUAL TARGET**	**REVISED BUDGET**		**5 CONCRETES**				**REVISED QUARTERLY TARGETS**	**Actual performance**	**Challenges experienced/reason for deviation**	**Corrective Measures**	**PORTFOLIO OF EVIDENCE**	**DELEGATIONS**
		Current status (Progress to date)	**Demand (MFMA Circular 63)**	**Backlog (MFMA Circular 63)**						**ACT**	**VTSD**	**RHR**	**SAAMTREK SAAMWERK**						
Municipal Planning and Development	*Provide Town Planning Services*	*1 Township Established (Ikageleng Ext 3)*	*2 Townships to be established*	*1 township in Sandflacht*	*Number of townships established (Sandvalgte and Zeerust*	*Output*	*2 townships established by June 2018*	*1 250 000*		*None*	*Sandvlacht and Zeerust Town (Remainder of*		*None*	*2 townships established by June 2018*	*Not Achieved*	*No Suitable candidate*	*Tender went for a re-advert*	*Tender adverts, appointment letters, attendance register*	**DMPD**

					Town)						portion 5 of the farm Hazia 240) - Ward 15 & 16							,	
Municipal Planning and Development	Provide Town Planning Services	Subdivisions not done	3 subdivisions to be conducted	3 subdivisions in Zeerust	Number of sites subdivided in Zeerust Town	Output	3 sites subdivided in Zeerust Town by 30 June 2018	33 333.33		None	Zeerust Town		None	3 sites subdivided in Zeerust Town by 30 June 2018None	Not achieved	Cash constrains	Appointment of service provider to be considered in the 1st quarter of 2018/19	Subdivision report and report to Council, Diagrams	dmpd
Municipal Planning and Development	Provide Town Planning Services	Land Audit not done	Land Audit to be conducted	Land Audit to be conducted	Number of Land Audits done	Output	1 Land Audit conducted by 30 June 2018	83 333.33		None	Institutional		None	1 Land Audit conducted by 30 June 2018	Not achieved	Cash constraints	Reconsider when cash is available	Land Audit Report and Council Resolution	DMPD
Municipal Planning and Development	Provide Town Planning Services	4 Meetings held	4 Meetings	Nil	Number of Municipal Planning and Tribunal Sittings	Output	4 Municipal Planning and Tribunal Sittings by 30 June 2018	272 000		None	Institutional		None	4 Municipal Planning and Tribunal Sitting	2 sitting	No items to be considered	N/A	Minutes of Meetings and Attendance Register –	DMPD

Municipal Planning and Development	Promote Local Economic Development	890 JOBS CREATED	200 Jobs to be created	NIL	Number of jobs created through EPWP	Output	200 jobs created during by 30 June 2018	1 091 000		None	Institutional		None	200 jobs created	279	N/A	N/A	Report on jobs created, appointment letters.	DMPD
Municipal Planning and Development	Promote Local Economic Development	No jobs created	100 jobs created	None	Number of jobs created through LED initiatives	Output	100 jobs by June 2018	-		None	All wards		None	100 jobs	312	N/A	N/A	Job creation report and appointment letters(if applicable)	DMPD
Municipal Planning and Development	Promote Local Economic Development	SMME not supported during 2016/2017	20 SMME's to be supported	20 SMME's to be supported	Number of SMMEs supported	Output	19 SMME's supported by 30 June 2018	200 000		None	All wards	No	None	0 SMME's supported	Not Achieved	cash constraints experienced by the Municipality	Non-financial support to be provided	Invoices and Report to Council.	
Municipal Planning and Development	Promote Local Economic Development	200 000 Bricks produced during 2016/2017	120 000	Nil	Number of bricks produced	Output	120 000 Bricks produced by 30 June 2018	400 000		None	Institutional		None	120 000 Bricks produced by 30 June 2018	0	Project has been cancelled by the municipality	N/A	Report on bricks produced and Council Resolution	DMPD

Good governance and Public Participation	*Promote Good Governance, Promote Public Participation*	*New*	*Prevention of UIF&W*	*None*	*Number of reports on efforts made to Preventing UIF&W*	*Output*	*4 reports on efforts made to Preventing UIF&W by 30 June 2018*	*OPEX*		*None*	*None*		*None*	*4 report*	*0*	*N/A*	*N/A*	*4 Reports*	**DMPD**

NATIONAL LG PRIORITIES	**BUILD A DEVLOPMENTAL STATE, IMPROVE PUBLIC SERVICE AND STRENGTHEN DEMOCRATIC INSTITUTION** **ENSURE SUSTAINABLE RESOURCE MANAGEMENT AND USE**																			
KPA 2	**TO PROMOTE GOOD GOVERNANCE**																			
OUTCOME 9	**OUTPUT 5: TO STRENGTHEN PARTICIPATORY GOVERNANCE**																			
FUNCTIONAL AREA	**STRATEGIC OBJECTIVE**	**BASELINE 2016/17**			**KEY PERFORMANCE INDICATOR**	**KPI TYPE**	**ANNUAL TARGET**	**BUDGET**	**Expenditure to date**	**5 CONCRETES**					**REVISED QUARTERLY TARGETS**	**Actual performance**	**Challenges experienced/reason for deviation**	**Corrective Measures**	**PORTFOLIO OF EVIDENCE**	**DELEGATIONS**
		Current status (Progress to date)	**Demand New IDP**	**Backlog**						**ACT**	**VTSD**	**RHR**	**SETSOKOTSANE**	**SAAMTREK - SAAMWER**						
Office of the Mayor	*Social Cohesion*	*25 food parcels distributed*	*12589*	*12564*	*Number of food parcels distributed to indigent households*	*Output*	*50 food parcels distributed to indigent households by 30 June 2018*	*25 000*		*None*	*Institutional*	*To reduce hunger and promote nutrition*	*None*	*Engagement of Stakeholders - Home Affa*	*50 Food Parcels*	*Zero*	*Indigent registration outstanding*	*Indigent Registration*	*Signed register of beneficiaries.*	

												on poverty stricken households		irs,Interfaith/Churches						
Office of the Mayor	Promote Good Governance and Public Participation				Number of events to celebrate Nelson Mandela Day	Output	1 event to celebrate Nelson Mandela Day	199 992		None	Institutional	Focus on the vulnerable Groups:	None	Sector Departments Involvement	1 event to celebrate Nelson Mandela Day	Not Achieved	Cash constrains faced by the Municipality	The annual activity will be planned for in the 2018/2019 F/Y	Reports on event held	MOS
Office of the Mayor	Promote Good Governance and Public Participation	6	6	None	Number of Mayoral Imbizo's.	Output	6 Mayoral Imbizo's by 30 June 2018	16 666		None	Institutional	None	None	Sector Departments Involvement	6 mayoral Imbizo	4	Delays caused by poor planning	N/A	Attendance Register and Minutes	MOS
Office of the Mayor	Promote Good Governance and Public Participation	New	1 support program	None	Number of Support Programs to the War Veterans	Output	1 Support Programs to the War Veterans by 30 June 2018	1 666		None	All wards	None	None	None	None	1	N/A	N/A	Attendance Register and Minutes	MOS

Office of the Mayor	Promote Good Governance and Public Participation	New	1 support program	None	Number of Youth Development Programs supported	Output	2 Youth Development Programs supported 30 June 2018	16 666		None	All wards	None	None	None	1 Youth Program	0	Cash constrains faced by the Municipality	Consider moving to the 2018/2019 F/Y	Attendance Register and Minutes	MOM
Office of the Mayor	Promote Good Governance and Public Participation	New	1 support program	None	Number of programs to support older persons	Output	2 programs by 30 June 2018	16 666		None	All wards	None	None	None	1 program	0	Cash constrains faced by the Municipality	Consider moving to the 2018/2019 F/Y	Attendance Register and Minutes	MOM
Office of the Mayor	Promote Good Governance and Public Participation	New	1 support program	None	Number of programs to support the disabled	Output	2 programs by 30 June 2018	16 666		None	All wards	None	None	None	1 program	2	N/A	N/A	Register and Minutes	MOM

Office of the MM	***To enhance communication and public participation***	*New*	*Media Liaison*	*None*	*Adopted Community Strategy*	*Process Indicators*	*Adopted Community Strategy by 30 September 2017*	*170 000*		*Communicate, Market, Brand, and Profile Agriculture and Tourism Programs/ Projects in the municipality*	*Provide Community Media Support and communicate, market, brand and profile VTSD Economies*	*Communicate, Brand, and Profile RHR Programs*	*Communicate, Brand, and Profile*	*Communicate, Market, Brand and Profile Projects in partnership Stakeholders*	*Adopted Community Strategy*	*Not Achieved*	*N/A*	*N/A*	*Proof of Council Resolution on the approved Communication Strategy 2017-2022*	***MM+/UM-COM***

NATIONAL LG PRIORITIES	**BUILD A DEVLOPMENTAL STATE, IMPROVE PUBLIC SERVICE AND STRENGTHEN DEMOCRATIC INSTITUTION** **ENSURE SUSTAINABLE RESOURCE MANAGEMENT AND USE**
KPA 2	**TO PROMOTE GOOD GOVERNANCE**
OUTCOME 9	**OUTPUT 5: TO STRENGTHEN PARTICIPATORY GOVERNANCE**

FUNCTIONAL AREA	STRATEGIC OBJECTIVE	BASELINE 2016/17			KEY PERFORMANCE INDICATOR	KPI TYPE	ANNUAL TARGET	BUDGET	Expenditure to date	5 CONCRETES					QUARTERLY TARGETS	Actual performance	Challenges experienced /reason for deviation	Corrective Measures	PORTFOLIO OF EVIDENCE	DELEGATIONS
		Current status (Progress to date)	Demand New IDP	Backlog						ACT	VTSD	RHR	SETSOKOTSANE	SAAMTREK-SAAM						
Office of the Speaker	Governance and Public Participation	(term of office expired ward committees forums)	Forum meeting held once every quarter	4	Number of ward committee forums held	Output	4 Ward Committee forum held by 30 June 2018	OPEX		None	All	None	Ensure the partnership with sector in Society	Stakeholders Involvement	4 Ward Committee forum held	0	Committee not yet functional	N/A	Report on functionality of ward committee Forum-Council Resol	MOS

																			ution.	
Office of the Speaker	Governance and Public Participation	08 capacity building programs for councilors	08 capacity building programs	0	Number of capacity building programs	Output	4 capacity building programs by 30 June 2018	OPEX		None	None	None	Ensure the partnership with sector in Society	Stakeholders Involvement	4 Capacity Building Programme for Councillors	4	N/A	N/A	Capacity building Programme Reports	MM/IUM-MOE
Office of the Speaker	Governance and Public Participation	0(term of office expired ward committees forums)	Forum meeting held once every quarter	4	Number of reports on the functionality of ward committee Forum	Output	4 Reports on the functionality of Ward Committee Forum by 30 June 2018	OPEX		None	All	None	Ensure the partnership with sector in Society	Stakeholders Involvement	4 Quarterly Report	4	N/A	N/A	Report on functionality of ward committee Forum-Council Resolution.	MOS
Office of the Speaker	Governance and Public Participation	830 Complains	830 complaints	5	Number of Quarterly Reports submitted to Council on the management of Complain	Output	4 Quarterly Reports submitted to Council on the management of	OPEX		None	None	None	Ensure the partnership with sector in Society	Stakeholders Involvement	4 Quarterly Report	4	N/A	N/A	Copy of the report and Acknowledgment letter from DLGHS and	MOS

					ts Handling System		Complaints Handling System by 30 June 2018												Council Resolution	
Office of the Speaker	Governance and Public Participation	0	2	2	Number of Community Satisfaction surveys conducted by the municipality	Output	2 Community Satisfactions Surveys conducted by the municipality by 30 June 2018	OPEX		None	None	None	Ensure the partnership with Sector in Society	Stakeholders Involvement	2 surveys	0	Survey not done	N/A	Reports On the survey conducted	MOS
Office of the Speaker	Governance and Public Participation	03 Public Participation Campaigns conducted	At least 4 public participation campaigns	None	Number of public participation campaigns conducted	Output	4 Public Participation Campaigns conducted by 30 June 2018	OPEX		None	None	None	None	None	4 Public Participation Campaign	0	No public participations done	N/A	Reports and Attendance Registers	MOS
Office of the Speaker	Governance and Public Participation	NEW KPI	Establishment of Dikgosi forum and holding	None	Number of Dikgosi forum Meeting hosted	Output	03 Dikgosi forum Meeting held by 30 June	249 996		None	None	None	Ensure the partnership	Stakeholders Involvement	03 Dikgosi forum Meeting held by 30 June 2018	1	Cash constrains	Reallocate funds	Invitations, minutes ,Attendance	MOS

			of meetings		by the municipality		2018						with ector in Society						Registers and Reports	
Office of the Speaker	Governance and Public Participation	151 Community Meetings held	228 Community Meetings	None	Number of community Meetings held (per Ward)	Output	228 community Meetings held (per Ward) by 30 June 2018	OPEX		None	All wards	None	None	None	228 Meetings	228 Meeting	N/A	N/A	Minutes of meetings and Attendance Register	MOS
Office of the Speaker	Promote good Governance and public participation	21 Council Meetings held	8 Council meetings	None	Number of Council meetings held	Output	8 Council meetings held by 30 June 2018	OPEX		None	All wards	None	None	None	8 Council sitting	8 Council sittings	N/A	N/A	Minutes of meetings and Attendance Register	MOS
Office of the Speaker	Good Governance and Public Participation	10 Meetings held per portfolio committee	8 Portfolio committee meetings held	None	Number of Portfolio Committee meetings held		8 Portfolio Committee meetings held by 30 June 2018	OPEX		None	All wards	None	None	None	8 sittings	10	N/A	N/A	Minutes of meetings and Attendance Register	MOS
Office of the	Govern	10 EXCO Meetings	8 Planned	None	8 EXCO Meetings	Output	8 EXCO Meeting	OPEX		None	All wards	None	None	None	8 sittings	8	N/A	N/A	Minutes of	MOS

Speaker	*ance and Public Participation*	*Held*	*EXCO meetings*		*held*		*s held by 30 June 2018*												*meetings and Attendance Register*	
Office of the Speaker	*Good Governance and Public Participation*	*13 MPAC Meetings Held*	*17 MPAC Meetings*	*None*	*Number of MPAC meetings held*	*Output*	*17 MPAC Meetings by June 2018*	*OPEX*		*None*	*None*	*None*	*None*	*None*	*17 MPAC Meetings*	*13*	*N/A*	*N/A*	*Minutes of meetings and Attendance Register*	***MOS***

NATIONAL LG PRIORITIES	***BUILD A DEVLOPMENTAL STATE, IMPROVE PUBLIC SERVICE AND STRENGTHEN DEMOCRATIC INSTITUTION*** ***ENSURE SUSTAINABLE RESOURCE MANAGEMENT AND USE***																			
KPA 2	***TO PROMOTE GOOD GOVERNANCE***																			
OUTCOME 9	***OUTPUT 5: TO STRENGTHEN PARTICIPATORY GOVERNANCE***																			
FUNCTIONAL AREA	***STRATEGIC OBJECTIVE***	***BASELINE 2016/17***			***KEY PERFORMANCE INDICATOR***	***KPI TYPE***	***ANNUAL TARGET***	***BUDGET***	***Expenditure to date***	***5 CONCRETES***					***ANNUAL TARGET***	***Actual performance***	***Challenges experienced /reason for deviation***	***Corrective Measures***	***PORTFOLIO OF EVIDENCE***	***DELEGATIONS***
		Current status (Progress to date)	***Demand New IDP***	***Backlog***						***ACT***	***VTSD***	***RHR***	***SETSOKOTSANE***	***SAAMTREK - SAAMWERK***						
Internal Audit	*Promote accountable ,Efficient and Transparent Administration*	*1 Reviewed Audit & Risk Committee Charters*	*1 Reviewed Audit & Risk Committee Charters*	*Nil*	*Number of Reviewed Audit & Risk Committee Charters*		*1 Reviewed Audit & Risk Committee Charters by June 2018*	*OPEX*		*None*	*None*	*None*	*None*	*Terms of reference on oversight responsibilities over Risk, Governance, Controls and communication to Council*	*1 Reviewed Audit & Risk Committee Charters by June 2018*	*Achieved*	*N/A*	*N/A*	*Copy of ARCOM Charter and Council Resolution*	***CAE and Audit Committee chairperson***

Internal Audit	*Promote accountable ,Efficient and Transparent Administration*	*4 Reports submitted to council*	*1 Reports submitted to council deferred items of 1st and 2nd quarter reports*	*Nil*	*Number of Audit and Risk Committee Reports submitted to Council*		*4 Reports (quarterly)*	*OPEX*		*None*	*None*	*None*	*None*	*Continuous communication and feedback on oversight responsibility discharged by the committee and recommendations for corrective actions.*	*4*	*3*	*Non-sitting of Committee meeting*	*Committee to sit during the first quarter*	*Copy of the report and Council Resolution*	*CAE+(UM-INTERNAL AUDIT)*
Internal Audit	*Promote accountable ,Efficient and Transparent Administration*	*1 Plan developed Risk based Internal Audit Plan 3 years*	*1 Plan developed Risk based Internal Audit Plan 3 years*	*Nil*	*Reviewed Risk based Internal Audit Plan*		*Reviewed Risk based Internal Audit Plan by Jun-18*	*OPEX*		*None*	*None*	*None*	*None*	*Provision of assurance and consulting activities on high risk areas and recommendation*	*Reviewed Risk based Internal Audit Plan*	*Acheived*	*N/A*	*N/A*	*Copy of Plan Signed AC Recommendation*	*CAE and sub-delegation Internal Audit Manager*
Internal Audit	*Promote accountable ,Efficient and Transparent Adminis*	*1 Reviewed Internal Audit Charters*	*1 Reviewed Internal Audit Charters*	*Nil*	*Number of Reviewed Internal Audit Charters*		*1 Reviewed Internal Audit Charters by 30 June 2018*	*Opex*		*None*	*None*	*None*	*None*	*Terms of reference on duties and responsibilities over Risk, Governance,*	*1 Reviewed Internal Audit Charters by 30*	*Achieved*	*N/A*	*N/A*	*Signed AC Recommendation Copy of Appro*	*CAE and sub-delegation Internal Audit Manager*

	tration													*Performance and Controls*	*June 2018*				*ved IA Charter*	
Internal Audit	*Promote accountable ,Efficient and Transparent Administration*	*1 Reviewed Internal Audit Methodology*	*1 Reviewed Internal Audit Methodology*	*Nil*	*Number of Reviewed Internal Audit Methodology*		*1 Reviewed Internal Audit Methodology by 30 June 2018*	*OPEX*		*None*	*None*	*None*	*None*	*Clear description of how the Internal Audit plans are implemented*	*1 Reviewed Internal Audit Methodology by 30 June 2018*	*Achieved*	*N/A*	*N/A*	*ARCOM Approved Internal Audit Methodology*	*CAE*